

WHISPER IT SOFTLY, BUT—

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ATHLETE'S FOOT



You'd never suspect by looking at her, how uncomfortable she is, how utterly ashamed at the very thought of having Athlete's Foot.

Her shame, however, would soon give way to repulsion—if she could only see her condition as the microscope reveals it.

For at work in the flesh between her toes there are billions of unclean fungi—digging and boring away, giving off musty, seeping moisture.

Get out of the glass house

Folks who live in glass houses should never throw stones.

Before privately indicting your neighbor, examine the skin between your own toes. Does it itch? Does the skin look red, angry? Or white with stickiness? Blisters? Peeling, cracking, sore?

Apply this inexpensive treatment

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AUGUST, 1934

REVIEW*

OF REVIEWS

AND WORLD'S WORK

Edited by **ALBERT SHAW**

The Progress of the World

The Master Surgeon Operates, 9 . . . Dangers of a Prolonged Convalescence, 9 . . . The President Hands Over the Reins, 10 . . . Discretion Vested in Morgenthau, 10 . . . Many Responsibilities for Ickes, 11 . . . Mr. Roper Contemplates Foreign Trade, 12 . . . Miss Perkins Is Umpire in a Close Game, 12 . . . Richberg, President Pro-Tem, 13 . . . When Will Hugh Johnson Retire? 13 . . . "Labor" Ruled Our Happy Land in War Time, 45 . . . Unionism Again in the Saddle at Washington, 45 . . . Will the Public Submit to Labor Banditry? 45 . . . Prospects, Optimism, Partisan Greed, 46 . . . Critics May Now Attack Bureaucracy, 46 . . . Let's Have National and State Planning, 47 . . . New York's Half Year Under Fusion, 47 . . . Railway Pensions—a Flagrant Case, 48 . . . The New Deal Confronts Its Frankenstein, 48.

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IN THIS YEAR OF RECOVERY	Charles G. Dawes	19
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Volume XC

Number Two

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FROM THE WORLD OF BOOKS

New Books "Tasted, Chewed and Digested"

"Brown Study"

Hitler: Whence and Whither, by Wickham Steed. Review of Reviews Corp. (New York), 189 pp. \$1.50.

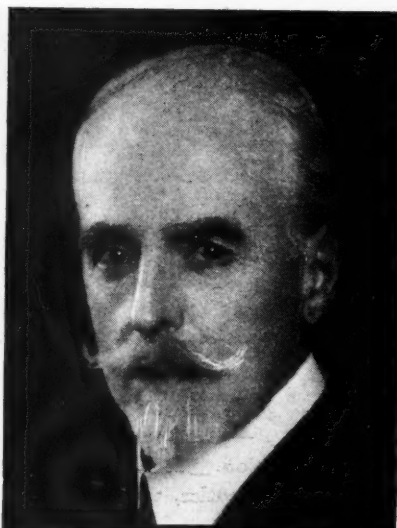
WICKHAM STEED, famous English journalist, correspondent, author, and lecturer, has turned out a short book which is, perhaps, the best to date upon Adolf Hitler and his brown-shirt movement. Steed traces the origins of Nazi ideology to their sources in thorough fashion, sketches the life of the German leader, and undertakes to show how his life theories have been put into practice in the Nazi state of today. The author's long residence upon the European Continent as representative of the *London Times*, and his noted World War activities, have especially qualified him for such a study. His presentation of facts is remarkably clear, and his style makes their reading a pleasure.

Steed devotes particular attention to the tribal "Nordic legend" upon which Nazi anti-semitism is firmly based. Count Joseph A. de Gobineau, a Frenchman, and Houston Stewart Chamberlain, an Englishman, he finds to be prime instigators of the Nordic myth, which is based on bogus biology, since "Aryan" designates language and not blood in its use as a scientific term. Yet this strange race-cult dominates the philosophical thinking of Nazi intellectuals! Hitler's experiences in pre-war Vienna, with the Pan-German movement of Von Schönerer and the Anti-Semite movement of Burgomaster Lueger, have evidently affected his political thinking deeply—as Steed clearly demonstrates. His Hitler book is an unusual one, worthwhile, entertaining, and highly recommended to REVIEW OF REVIEWS readers.

After Starfall

Stars Fell on Alabama. By Carl Carmer. Farrar & Rinehart. 294 pp. \$3.

THE LONG-NECKED young men who are always spouting about the standardization of the American people might well look between the covers of "Stars Fell on Alabama" by Carl Carmer. Mr. Carmer is a northerner who taught for six years in the land of swamps, alligators, pore whites, Cajans, corn likker, beautiful women, decayed mansions, lynchings, Baptist foot-washings and Negro conjurers. As Mr. Carmer puts it, "I have chosen to write of Alabama not as a state which is part of a nation, but as a strange country in which I once



© Harris & Ewing

WICKHAM STEED

Author of the British best seller, "Hitler: Whence and Whither?", a brilliant study of the Nazi leader and his philosophical background.

lived and from which I have now returned." Mr. Carmer is an excellent reporter who can describe a variety of events and emotions with precision and feeling. He has a flair for the poetry of this land which has never been the same since the fateful year when the stars fell upon it. He was charmed by Alabama hospitality, nauseated by lynchings, put under a spell by the hills and winding rivers, and fascinated by the intensely individual human beings he met. He describes what he saw and felt with rare charm. One critic has remarked that there should be a book like this for every state in the union. We agree.

SIR THOMAS MORE was wise, witty and steadfast. So true was he to his own conscience that he lost his life at the hand of Henry the VIII. He served Henry well, and like many another, got nothing for it in loyalty, friendship, or decency on the part of the man he aided. Though Sir Thomas More was one of England's leading statesmen, his family life and his associates occupy most of the pages in Miss E. M. G. Routh's admirable new book, "Sir Thomas More and His Friends." Even when about to lose his head on the block, Sir Thomas never faltered, never lost his wit. To his sorrowing friends he said, "I trust that we shall in heaven

see each other full merrily." To Sir Edmund Walsingham he said as he got up on the scaffold, "I pray you, Master Lieutenant, see me safe up, and for my coming down, let me shift for myself!" He at first intended that his long grey beard should "suffer the same fate as his head," but now he removed it from the block so that it should not be cut off, for it at least had committed no treason. Such was Sir Thomas More, portrayed as a gentle, courageous spirit and one of the best of men. (Oxford Press, 236 pp. \$5.)

England for Peace!

Property or Peace, by H. N. Brailsford. Covici Friede, 346 pp. \$3.

H. N. BRAILSFORD is today considered a leading English authority on world politics and economics, writing as he does from a moderate socialist slant. In "Property or Peace" he analyzes the causes of war and world depression, examining fascism carefully, along with socialism, and world institutions. Democracy; property and order; sovereignty, power, and peace; property, empire, and power; toward order and peace—are the five main divisions of the book. The author pleads for a real Labor England, linked to socialistic Sweden and Denmark, and to Soviet Russia; thus opening the way to a progressive social outlook and true coöperation for peace stretching from Land's End to Vladivostok. But until such a social federation for peace can be built up, Brailsford believes, the general strike is perhaps the most effective weapon to use on one's own "militaristic" government as an effective threat against mass murder. Here is a lucid book for thoughtful people, written with knowledge and sincerity by an outstanding left-wing traveler and radical observer.

New Jobs for Old

VERSATILE Mr. Walter B. Pitkin has devoted his latest book, "New Careers for Youth", to the fate of ill-prepared go-getters in the depressive era that has assailed us since October, 1929. "Today's job outlook for men and women from seventeen to thirty-two" is a remarkable analysis, prepared by the author, assisted by a research staff of 30 experts, in consultation with no less than 500 business authorities. Nearly 100 careers and occupations have been looked into—classified into "overcrowded fields", "hopeful fields", merger jobs, "paradoxical" engi-

neering, independent job-making, and career-planning. Mr. Pitkin's advice is extremely sound and thoroughly debunking, and his book is not only extremely practical, but thoroughly readable as well. "Look to the ministry," for instance, "as a labor of love. For you will get little else!" Or again, "What are your chances in professional concert work? None! Unless, of course, you're a genius of the first rank." Pitkin criticism, however, is constructive; and "forewarned is forearmed" has become a wise motto in this able tone of advice to the job-lorn. (Simon and Schuster, 236 pp. \$1.50.)

English Autobiography

Nearing Harbor, by Sir Henry Lunn. Nicholson and Watson (London), 328 pp. 10 shillings 6 pence.

SIR HENRY LUNN is one of the leading Englishmen of our time. He has been a businessman, clergyman, medical missionary, politician, peace worker, lecturer, author, and a prominent figure in all movements connected with forward-looking Christian endeavor. His own modest reminiscences of a long, busy, and useful life are of the most extraordinary interest—not only as a human document, but also as revealing many personal contacts with history in the making.

Sir Henry has had a wealth of experience, and of international friendships among the highly placed. He visited the Pope and the Kaiser, and India, and America several times. He journeyed around the world, taking notes with a pet dictaphone. He ran for Parliament as a close friend of the late Lord Asquith, Liberal premier. Hotel-keeping was a Lunn specialty, as were international religious conferences sponsored by Lunn enthusiasm and good-will.

Here is a fascinating true story, running from 1859 down to today, embellished with a wealth of those details that

go to make up the world in which we live. Sir Henry has been on the inside of things internationally, and his autobiographical message has an international appeal.

• • CECIL SHARP's lifetime was devoted to seeking out and saving for future generations the folk songs and dances of old England. Possessed of a rare sense of humor and genuine love for people, he never was guilty of academic striving for accuracy in inconsequential detail, though no one could be more exacting if the occasion demanded it. "Cecil Sharp" is a biography by A. H. Fox Strangways and Maud Karpeles.

As a younger man he was a clerk in a bank, articled to a lawyer and secretary to a colonial governor . . . but he still possessed the very qualities he insisted that a good folk-song should have, gaiety and light-heartedness. He set out when he was forty-five on the project nearest his heart. He wanted to make sure that the mechanical age would not blot out the old melodies and folkways, and he did. He established the English Folk Song and Dance Society. He toured England and America, lecturing and teaching, and spent three profitable periods in our own Appalachian mountains collecting old folk-songs among the English, Scotch, and Irish hill folk.

He never talked down to people; he was simply curious about them, their lives, how they came to be what they were, and what they made of it all. Within the twenty years before his death in 1924 he had gathered together countless old songs and dances from odd corners and odd people, and he has kept them alive forever. His work in setting down on paper the appealing and delightful old songs and dances was an expression of the highest kind of love for his country. He was content to let others make the speeches; he was interested in his country's songs. (Oxford University Press, 224 pp. \$3.)

• • TATIANA TCHERNAVIN was the daughter of a liberal Russian professor of pre-revolutionary days. Her family longed for the overthrow of the rotten Czarist regime. But her social class—that of the bourgeois intellectuals—was hard hit by proletarian communism after November, 1917. Things were not extremely bad until the opening of the first five-year plan in 1929, when such middle-class people as her family began to bear the brunt of discrimination. Mme. Tchernavin was a museum expert of note, but her life-work was hampered by the snoopiness of "semi-illiterate half-baked Marxists" who were totally ignorant of cultural art. Later came the separate arrests of her husband and herself, and she describes terrible hardships undergone by all political "criminals" (who do not undergo the enlightened treatment meted out to civil offenders in Russia). Finally Madame fled into Finland, and wrote her sincere, unbiased, and simply-told narrative, "Escape from the Soviets", in a Helsingfors hospital. Here is an interesting testimonial from one of a class which has suffered, perhaps unjustly, under the red hammer-and-sickle. (Dutton, 320 pp. \$2.50.)



From Week End Review (London)

"ENGLAND FOR PEACE!"

British public sentiment has been outraged by recent exposures of the international munitions racket, which serves to promote wars and armaments.

TODAY'S BOOKS



HAMILTON FISH ARMSTRONG'S Europe Between Wars?

The noted editor of *Foreign Affairs* makes a vivid appraisal of developments in Europe which may be a prelude to another great conflict. \$1.50.

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tality."

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HITLER

Whence and Whither?

By WICKHAM STEED

TO understand the aims of Hitler; to comprehend Hitler "ferocity," one must grasp his ideas as rooted in the past. A lifetime of first-hand political activity in Central Europe, long as Continental expert of the *London Times*, gave Wickham Steed the special knowledge wherewith to write the most authoritative book on Hitlerism to date. This new book, a best seller in England, is Steed at his best. Here is more of that vast store of inside information (due to his long residence in Germany and Vienna) which contributed so materially to Allied victory in the World War. Here is an inside story of Jewish persecution; a surprising analysis of the philosophical origins of the Nazi movement, its organizer, and his "brutal" methods.

Perhaps you are tired of Hitler and Hiderism, but nothing can alter the fact

that he expresses the views and sentiments of millions of people, not alone in Germany, but in other countries. According to testimony before a Congressional committee investigating German propaganda, Nazi ideas are spreading rapidly throughout the United States. But what Nazi ideas? The obscure origins of Hitlerism make fascinating reading.

Hitler: Whence and Whither? \$1.50

Inquiries in this country for Mr. Steed's book are to be met with a special American edition, ready August 1. If your bookstore hasn't stocked it as yet, mail the coupon below at no extra cost, and with the privilege of 5 days' Free Examination.

Also—Shaw's "Handbook of Revolutions"

NO more perfect companion volume to Steed's "Hitler" has been penned than Roger Shaw's "Handbook of Revolutions." Shaw's book takes up the 20 leading risings of history, from the revolt of the Roman gladiators down to the advent of Hitler, and the bloodless American New Deal. Spartacus, Cromwell, Jefferson, Robespierre, Marx, Gandhi, Lenin, Hitler, and President Roosevelt stalk through its tense pages. Shaw's trenchant style is delightful. His perspective on history is an eye-opener.

The book has been enthusiastically praised by Irving Bacheller, Walter

Duranty, Capt. B. H. Liddell Hart, Frank Simonds, Norman Thomas, Channing Pollock, Dr. S. Parkes Cadman, and Charles G. Dawes. Such recommendations should insure your enjoyment—but be your own judge. Order

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• • IN THE SIXTEENTH CENTURY, and for decades thereafter, Spain was the world's premier power—imperial, militarily, economically, and culturally. The Señor Cervantes (1547-1616) was a brilliant literary sample of Spanish eminence, and his "Don Quixote" is today an outstanding world classic. Mariano Tomás has completed a biography of the great writer—"The Life and Misadventures of Miguel de Cervantes" (Houghton Mifflin, 255 pp. \$3), which is highly recommended as a vivid passage from classical Spanish history. Here is the life story of an author who, knowing that feudal chivalry was as dead as a doornail, rang in the modern business era of the "benevolent bourgeoisie".

In the Jungle

• • NO PROFESSIONAL explorers with their minds already made up as to the material they wanted for American consumption were Melville J. Herskovits and his wife, Frances S. Herskovits. In "Rebel Destiny" they describe in a scientific but none the less exciting way, their search for information on the tribal lore and customs of the bush Negroes of Dutch Guiana. These Negroes have lived in independence for more than a hundred years after escape from plantation slavery. Today, when they drink a toast with a white man, the one word uttered is "Free!" There are three tribes. They have survived in a country difficult to live in, and they mind their own business. The Herskovits wanted to find out if these Negroes had retained their African cultural heritage. They found they still had it. "Rebel Destiny" is an interesting book. (Whittlesey House 366 pp. \$3.)

• • THIS REVIEWER, like many others, thinks of Roman history largely in terms of ponderous textbooks, buckram source volumes, endless lists of emperors, dates, and other impediments to true understanding. "I. Claudius", by Robert Graves, is written as the lost autobiography of Claudius. Claudius was a scholar, a philosopher, thrust into the political jungle that was Imperial Rome. He was the husband of Messalina and the uncle of the notorious Caligula. Murder, incest, torture, and insane cruelty—how Claudius ever lived through the times to which he was born remains a mystery of luck or circumstance. The cruelties of his relatives, the diseases which left him in early youth a cripple and a stammerer, the incredible orgies of Caligula—he survived them all. An amazing book, swift, well-written and imaginatively conceived. (Harrison Smith and Robert Haas, 494 pp. \$3.)

• • HORATIO ALGER is not dead. Americans reared on the trials and tribulations of such heroes as Paul the Peddler and Phil the Fiddler have long missed such familiar characters as the hero's mother, the shabbily dressed stranger, the lad with frank and open countenance, or the honest village banker. But these legendary folk live

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AMERICAN SCHOOLS ASSOCIATION

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again in Nathanael West's new satire, "A Cool Million, or the Dismantling of Lemuel Pitkin". Today, however, the hero is constantly in hot water. The old success story formula doesn't work. He saves the squire's daughter from the attention of a bully and loses an eye for his trouble. Sobriety, frugality, and industry help him not. He loses his teeth, his scalp, and is finally shot by an agent of the Third International while making a speech for the new political order of Leather Shirts. The Leather Shirts aimed to restore the truly American virtues extolled by Horatio Alger, Dr. Frank Crane and others. Only posthumously, in the manner of Horst Wessel, does Lemuel Pitkin become a national hero, with all the trappings. "A Cool Million" is a delightful parody, with satire which hits uncomfortably near the truth. It is not a profound book, but it is a funny one. (Covici Friede, 229 pp., \$2.)

• • Mrs. PRESTONIA MANN MARTIN devised what many believe to be the most ingenious economic scheme of our depressive era. It first appeared in her book, "Prohibiting Poverty"—a work which has gone into seven editions. Mrs. Martin is now editing a monthly newspaper. This keeps the public in touch with the progress of her movement toward social stability, through a combination of capitalism and communism, based on compulsory labor service for young people between the ages of 18 and 26. Her monthly periodical is called "News Letter: National Livelihood Plan for Prohibiting Poverty," and the annual subscription is \$1. It is published at Winter Park, Florida, under the editorship of Mrs. Martin. This little journal (which supplements her important book) is recommended as thought-provocate and evolutionary-revolutionary.

A Nazi Diary

• • A BOOK of outstanding political interest is "The Berlin Diaries"—written by an anonymous Reichswehr general who covers "the secret intrigues and political barratry" of the second half of 1932 and the first month of 1933 in Germany. This was the period which brought Hitler and the Nazis into power, and the fair-minded diarist furnishes his readers with the most fascinating firsthand historical material as to the making of dictators. For a Junker militarist, the general is surprisingly liberal; and his sage observations have been ably edited by a German political exile, Dr. Helmut Klotz of Paris (Morrow, 303 pp. \$2.75).

• • THE DISCOVERY of the North Pole belongs to the era of rugged individualism before airplanes, radios, and publicity softened our explorers. It seems incredible that the North Pole was conquered only twenty-five years ago. One of Admiral Peary's assistants, Donald B. MacMillan, who has since won fame in his own right, gives a vivid first-hand account of this grim adventure in "How Peary Reached the Pole". (Houghton, Mifflin, 306 pp. \$3.)

MEN WHO "KNOW IT ALL" are not invited to read this

THIS MESSAGE is not for the wise young man who is perfectly satisfied with himself and his business equipment.

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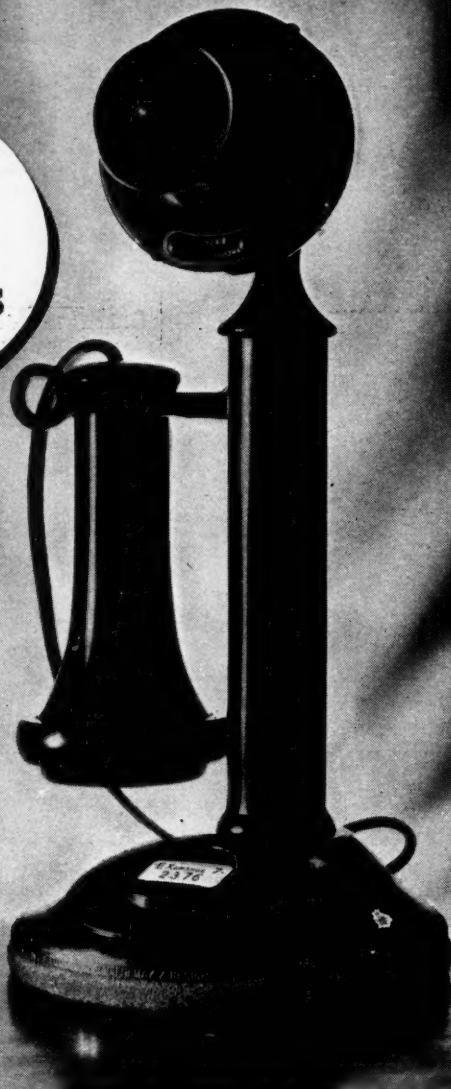


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THE PROGRESS OF THE WORLD

A Group of Able Lieutenants

By ALBERT SHAW

The Master Surgeon Operates

IT IS WELL to be concerned about our constitutional liberties, but anxiety on that score should not be allowed to disturb the calm use of our faculties. We must not let superficial impressions interfere with the study of facts and the exercise of judgment. As we have reminded our readers from month to month, there was an emergency last year that called for national unity and for undisputed leadership. In all war periods, and also in peace time when catastrophes of an extreme nature occur, the only possible leader under our system of government is the President of the United States. Congress was assembled in the first week of Mr. Roosevelt's administration. Emergency powers were conferred upon the President, under overwhelming pressure of public opinion, and without any appreciable opposition. Was this an abnegation of the principles and practices of government by the people? On the contrary, it was as mature and perfect an expression of capacity for self-government as any nation has ever shown.

Most certainly nationhood is an objective fact. There must exist within a nation the power of self-preservation. The nation has a right to determine how that power shall be exercised at any given moment. Under our system, in ordinary times, there is a fairly distinct line, based upon experience and convenience, between powers exercised by the federal government on behalf of all the people and those exercised by the separate states on behalf of their own populations. In unusual times, by common consent, the people of the United States find it advantageous to make relatively larger use of the mechanism of the central government. They do not break down the government of the states, but they help the states to carry on their affairs by expanding the services of the federal authority as the general agent of the American people. Our Constitution was not intended to victimize us at some moment of misfortune. It was not meant to be so rigid or so inelastic as to interfere with wise, prompt, and efficient use of collective power in hours of grave emergency.

To those of clear mind and unruffled temper, it is fairly evident that we could not save the Constitution if we were not at the same time saving the country. This being true, it is all the more important that we

should recover as soon as possible from that voluntary condition of self-surrender that made possible the national recovery policies of March, April, and May, 1933. Why not now resume the up-standing posture?

We faced necessity, and went straight to Uncle Sam's hospital. In the operating room we did not resist administration of full anesthetic. We had given advance consent, and had trusted the surgeons. While we were incapacitated, under the deadening influence of the ether, a series of complicated operations took place. Having survived, it was necessary to stay in the hospital during a period of convalescence.

President Roosevelt had announced that the nation was dying, when he took the case in hand. But in the hospital (to carry the imperfect simile a little further) there is a large medical staff, a surgical staff, an extraordinary collection of internes, and scores of nurses moving up and down the corridors, some of them sympathetic and charming, while others chatter. They are all very tender of the patient. For reasons not easy to analyze correctly, they are all determined to prolong the period of convalescence.

Dangers of a Prolonged Convalescence

IN THE MINDS of some well-informed professional authorities, there will always lurk the serious doubt whether the drastic surgical operations were altogether unavoidable. Medical practice has its alternatives. Even when a patient survives the shock of an operation, and lives through the critical days and weeks immediately following, it often takes years for the full restoration of physical strength, and of vital force in the nerve centers. The operating surgeon may or may not continue to exercise personal oversight. But quite too often the patient himself has fallen under the almost fatal spell of doctors and nurses.

Of course nobody who is introspective about maladies can ever enjoy what is known as "disgustingly good health." Too often the morbid patient falls into the hands of quacks. But much more frequently he finds his way to fairly reputable doctors, who levy upon his resources (according to his ability to pay) with monthly bills. He finds it only too comfortable to allow nurses to wait upon him, and to give him his tonics.



The best tonic would be plenty of hard work; but the poor patient is timid, and has been sadly spoiled during the protracted stages of convalescence. He finds it increasingly hard to step out like a man, to ignore his headaches and his stomach aches, and to refuse soothing syrups in one form or another. He shrinks from the risk of taking his chances in the world, with that reckless disregard of his interior anatomy that is the sign of any man who is fit to live with his neighbors and with his folks at home.

We are spinning out this simile at some length. But it will bring many of our readers quite as close to the truth about present conditions in the United States as will some of the proclamations and dissertations that emanate from the hospital doctors and sweet-voiced nurses who are telling us about the progress of the dear patient. They continue to exercise physical and mental control over the long-suffering and over-indulged victim, while the head surgeon—being well satisfied with the results of his work—has sailed away to the middle of the Pacific Ocean, leaving America far behind him.

The President Hands Over the Reins

NEVER BEFORE in the history of the United States, since George Washington was inaugurated in 1789, one hundred and forty-five years ago, has any President of the United States taken an excursion off shore, in the two great oceans, that could be compared with this voyage of President Roosevelt to the Hawaiian Islands. While in office, President Theodore Roosevelt visited Panama, and made an illustrated report to Congress on the Canal. President Taft felt at home in the West Indies, and President Harding made a trip to Alaska, having been overcome by his last illness on the return journey. Let us hasten to remark that we are not criticizing the President for this summer's absence from the mainland. We congratulate him with something like enthusiasm for the personal and political wisdom that inspired his decision. He needed the relaxation of a long voyage. Also, he needed the new perspective that distance from Washington must afford.

The President had to make a series of choices and arrangements before he could leave the White House. There were important bills to be signed or to be rejected. There were numerous members of boards and commissions to be appointed. The personnel of the regular, normal executive group at Washington is a large one, with an immense variety of functions. The personnel of the new emergency groups is also large, with duties not always well understood. It was desirable to see the machinery working, while the Chief was absent on vacation.

In our judgment, the regular cabinet officials, beginning with Secretary Hull, and carrying down through the group to Secretary Roper and Secretary Perkins (whose names come last because the Department of Commerce and the Department of Labor are not so venerable as other departments), are worthy of the highest confidence. The Secretary of State—who is calm, clear-headed, courteous, conciliatory, but never lacking in the courage of his convictions—is making a consistently fine record.

Discretion Vested in Morgenthau

THE LAMENTED DEATH of Mr. Woodin gave the country evidence enough that the retirement from office of this upright and trustworthy Secretary of the Treasury was solely in consequence of the throat malady that was soon to result fatally. The promotion of Mr. Henry Morgenthau, Jr. was rapid and unexpected, but in these times young men should have their chance; and Mr. Morgenthau has shown both strength and intelligence. Because of the devaluation of the gold dollar, and the creation of a stabilization fund of two billions, it would seem that a larger discretion is now vested in young Henry Morgenthau than has ever before been exercised by any finance minister or chancellor of exchequer. Yet there seems no doubt in any quarter as regards the vigorous brain power and the personal trustworthiness of Henry, Jr., as he deals with large affairs in the same fine spirit that has always been shown by his respected father, in many kinds of diplomatic, political, and philanthropic service.

We have not set out to pronounce eulogies on all the cabinet members. The Attorney-General, Mr. Cummings, had been named as Governor-General of the Philippines. The late Senator Walsh, of Montana, was to have been head of the Department of Justice. His sudden death was mourned by a wide circle of admiring friends, regardless of party. In these rushing times, we ought not to be so graceless as to waive all lingering thoughts of those who have served the country well, like Senator Walsh and Mr. Woodin. Mr. Cummings was detained as temporary cabinet member at Washington, and he has remained permanently as the Government's chief law officer.

The legal profession and the federal judges will accord Mr. Cummings his full measure of regard. He and the Postmaster-General have in the past held high commands in the Democratic party organization. But Mr. Cummings is now absorbed in the highly professional work of his office. Mr. Farley, in contrast, holds the double job of cabinet officer and chairman of his

political party. Last month he licked Tammany enemies.

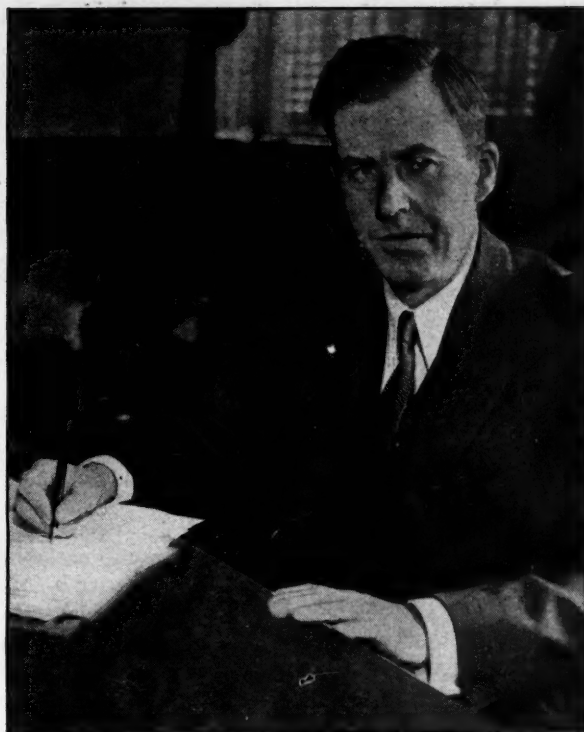
We have no possible fault to find with Mr. Farley as Democratic chairman. That is a matter of internal party arrangement. But when it comes to the administration of the postal service of the United States, we have distinct views, often expressed in bygone years. The postal service should not be run for the benefit of the party that happens to be in power. It should be a wholly non-partisan, business concern. This criticism applies quite as strongly to Republicans as to Democrats. Our strictures are so obviously justified that we shall not waste another line of type to support them. The last report of the Civil Service Reform Association deals with the shocking facts.

Many Responsibilities for Ickes

THE PRESIDENT did something rather exceptional when he found the Hon. Harold Ickes of Chicago, made him Secretary of the Interior, and piled all sorts of new responsibilities upon this careful-stepping, public-spirited gentleman. Mr. Clapper and others have written in this periodical about Mr. Ickes and his work, but they have not written nearly enough to bring the story up to date in an unabridged form. We shall expect it to be done in one of our early Autumn numbers. No wonder President Roosevelt could go off to the enchanted islands of the Pacific when sturdy men like Secretary Ickes were holding their posts with good judgment and tireless industry.

It is enough to say for Governor Dern, who is Secretary of War, and Senator Swanson, who is at the head of the Navy Department, that they are not neglecting the defenses of the country, and that they have brought ability and experience to their respective positions.

The Hon. Henry Wallace, head of the Department of Agriculture, holds the admiration of the newspaper fraternity as he goes forward gallantly with experiments for which he is not to be held chiefly responsible as regards their inception or their legislative background. Perhaps he is not quite perfectly conscious, as yet, that permanent farming in the United States is mostly east of the Mississippi River, and that the efforts of Congress



at the behest of so-called farmers' lobbies have been too largely in support of transitional and speculative ventures west of the Missouri River, that bear only slight relation to those forms of successful rural life that his own grandfather, and also his father, spent their lives to promote.

The balance-sheet of the emergency policies of the Agricultural Department—using the word balance-sheet broadly, rather than in the bookkeeping sense—can be brought up to date at the end of the present crop season. We shall try to deal with it in our November number, if not a month earlier. Meanwhile, nothing can upset Mr. Wallace, because he is so completely straightforward and sincere, while also intelligent, courageous, and personally engaging.



THREE Cabinet members who are carrying heavier loads than their official duties often demand. Morgenthau of the Treasury (top and left), Wallace of Agriculture (above), and Ickes of the Interior (immediate left). They are all men of high purpose upon whom the public can depend.

Mr. Roper Contemplates Foreign Trade

IN THE DEPARTMENT of Commerce—housed in that vast new edifice (perhaps the largest office building in the world) constructed under Mr. Hoover's auspices—one finds Secretary Roper. The fabric of America's foreign commerce, so stupendous only a few years ago, is in ruins that involve far greater financial losses than were incurred in the so-called devastated zones of France, as German artillery wrecked the towns and spotted the fields with shell holes. Our domestic trade is reviving, slowly but definitely. But only a small percentage of our foreign trade has survived the collapse of world credit and world traffic.

Meanwhile, Secretary Roper pursues a quiet course; exhibits no dismay; holds to the Constitution with no qualms or doubts, though with views much broader than those of his South Carolina forbears. He has sent his sons and daughters to schools and colleges in states North and West, as well as South. He has determined that the Roper family shall have a national outlook. He does not believe that we are drifting toward a fascist dictatorship on the one side, or toward radical state socialism on the other. Mr. Roper is strongly committed, along with Secretary Hull, to the gradual rebuilding of foreign trade by bilateral agreements. In our opinion, they are working along right lines.

Ample experience has shown that a large law-making body like our Congress, functioning in two distinct chambers, cannot possibly work out the hundreds and even thousands of details in a general tariff act, without doing an immense mischief to our own commerce, and that of the world, through log-rolling methods and tedious deadlocks. Congress has now given exceptional tariff authority to the President. It can withdraw this discretion at any time. The rest of the world, however,

is dealing with tariffs by swift executive methods. Conditions are wholly different from those that prevailed in the early days of our protective tariff.

We are violating no principles, constitutional or otherwise, in creating the new machinery for tariff modifications based upon reciprocal agreements. If James G. Blaine and William McKinley could return long enough to survey the economic and commercial situation, they would heartily endorse the idea of reciprocity tariff treaties, with wide discretion lodged in the hands of the President and his trusted advisers.

Miss Perkins Is Umpire in a Close Game

IN THE ABSENCE of President Roosevelt, a certain woman finds herself exercising authority of a more critical and important kind than has ever devolved upon any other woman in modern times, whether in America or in Europe. Other women have given useful service in public life, but Frances Perkins, Secretary of Labor at Washington, is in a position of power over weighty affairs. We had never thought it necessary to create a separate department with that particular designation. "Labor" is the appointed lot of all of us, unless an exception should be made of a few individuals, whose inherited wealth has enabled them to spend their lives in seeking amusement. Many Americans of inherited wealth, like John D. Rockefeller, Jr., set an example by leading useful and industrious lives. There is no greater absurdity than the pretense that an idle and insolent plutocracy exists in the United States, to be plundered by demagogue politicians and tax-eaters, and to be assailed by an army of so-called labor leaders, a large proportion of whom are racketeers, making themselves prosperous by fomenting trouble between employers and wage-earners.



ORGANIZED labor occupies the center of the stage at Washington. At the left Miss Perkins, Secretary of Labor, is seen with Mr. McGrady, Assistant Secretary and former active member of the American Federation. At the right is Mr. Richberg, former legal representative of labor groups and now director-in-chief of all emergency activities in the President's absence.

It would seem now that the fate of the Roosevelt administration is destined to turn largely upon the extent to which it permits the country to believe that cliques of labor leaders, fattening upon dues paid by the brow-beaten membership of new unions, are sufficiently powerful, in their revived prosperity, to dominate the Government behind the scenes. When Miss Frances Perkins was appointed to the cabinet post of Secretary of Labor, her selection was denounced by these insolent labor leaders, who pledged their eternal hostility to the woman and to her administration of the department. Later on, however, the one man who was regarded in Washington as the chief lobby agent of the American Federation was appointed as Assistant Secretary of Labor.

This compromise was the price paid for the suspension of hostilities. But Miss Perkins has not surrendered her authority, in so far as the country has learned through the reports of close observers at Washington.

Richberg, President Pro-Tem

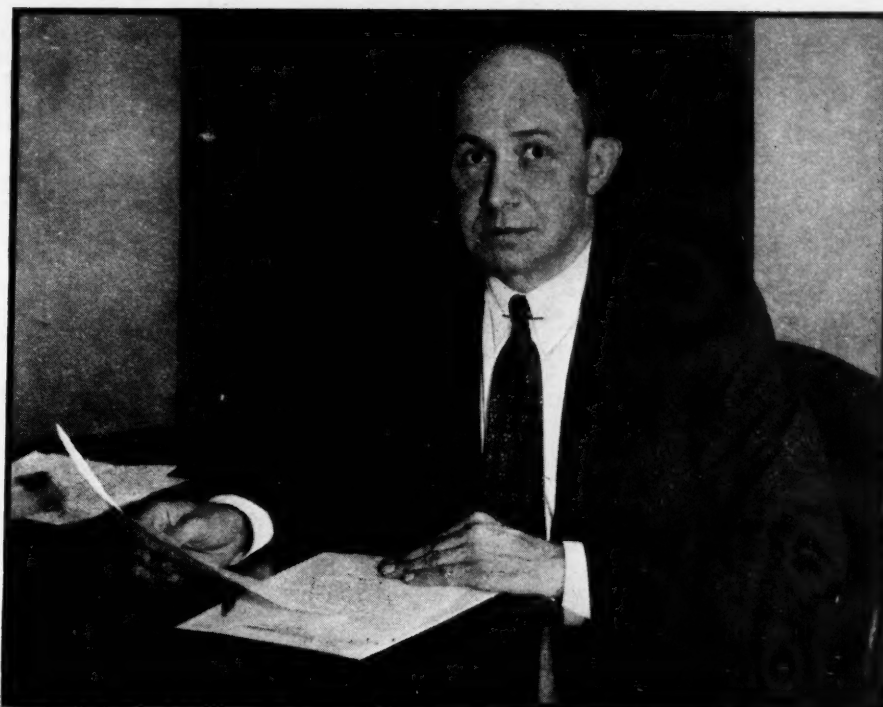
IT WAS THE VOICE of General Hugh Johnson that was heard throughout the land, but it was supposed, in most well-informed circles, that Mr. Donald Richberg—general

counsel of the NRA—was the master-mind behind the scenes. Before he set sail for a needed rest and change, President Roosevelt designated Mr. Richberg as the man who was to be director-in-chief, during his absence, of the various emergency boards and agencies as regards their relationships with one another.

In a certain limited sense it could be said that Mr. Richberg was to be Acting President for about six weeks. To affirm or to deny such a statement would involve little except quibbling. It is enough to say that Mr. Richberg is now detached from his assiduous duties as counsel for NRA. Associated with him in the harmonizing committee are Secretaries Ickes and Perkins; General Johnson, administrator of NRA; and Mr. Harry Hopkins, head of federal relief activities.

Instead of picking flaws in this arrangement, suppose we should all agree to wish it well, and give it the benefit of the doubt. In point of fact, it is a remarkably capable and well-chosen committee. Each member, when designated, was already in the very thick of the special activities which are now to be kept in harmony—or in "coördination" as they say at Washington.

In government circles, Donald Randall Richberg becomes the man of the hour. What then is to be said about him? He was born in Knoxville, Tennessee, just fifty-three years ago. Graduating at the University of Chicago, he went to Harvard for his law studies, and has been a Chicago lawyer for exactly thirty years. He was an active leader of the Progressive party some



twenty years ago. Beginning perhaps a dozen years ago, he became prominent as a legal representative of railway brotherhoods and other labor groups.

Eminent lawyers who belong officially to the management of leading railway systems have informed us with the utmost cordiality that they esteem Mr. Richberg highly, and do not think for a moment that he means to serve two masters in his delicate and responsible duties at Washington. It had been widely believed that General Johnson, at the instance of Mr. Richberg, had overstressed the collective bargaining phrase in the Recovery Act. We would like to be understood at this time as saying, with all sincerity, that we believe General Johnson and Mr. Richberg were doing their public duty as they saw it, and were not in any respect conscious of being subservient to the insistent demands of labor leaders, although appearances were against them.

When Will Hugh Johnson Retire?

GENERAL JOHNSON has informed the President that the one-man dictatorship of NRA ought now to cease, and that the administration of the National Recovery

Act ought to be turned over to a commission upon the return of the President from his trip in the Pacific. These views were stated in an interview that appeared July 11, on which date Gen. Johnson began a vacation of three or four weeks in the West. He was to speak once in Iowa, and two or three times on the Pacific Coast, after which he was to have a vacation.

That General Johnson has given us an amazing example of the manner in which a comparatively unknown man could assume responsibilities greater than those of a general commanding armies in a world war, would be denied only by people of limited understanding. Doubtless he has made some serious mistakes, but he was impelled to act swiftly and boldly, as if he were a military dictator. His publicity instincts have been too urgent, and he has neglected the art of silence.

Six Months Did They Labor!

By JOSEPH STAGG LAWRENCE

★ How will the action of Congress during the last session affect us during the next ten years?

WILL ROGERS said Congressmen no longer pass legislation. They just wave at it. In the closing sessions they devoted forty minutes to a rail pension bill which will saddle about \$60 million a year on the railroads forever. Joseph B. Eastman, Federal Rail Co-ordinator, a severe taskmaster for the rail executive and a friend of the worker, said the railroads could not bear the burden. Furthermore, his office had spent some months studying rail pensions and did not yet know enough to frame an intelligent pension law. These views were known to Congress and to the President. Nevertheless, the former passed and the latter signed the bill. The Frazier Lemke farm mortgage bill, passed with similar deliberation under the articulate guidance of Huey Long, is another victory of human over property rights.

Although other nations were working their way out of the depression without the hocus pocus of a New Deal, cutting their budgetary deficits and making recovery strides truly astounding in view of their reactionary economic policies, our own Congress appro-

priated \$6,800,000,000 while the government was ringing up the greatest peace time deficit in our history, reduced the gold content of the dollar, authorized the purchase of the world's silver output for the next decade, chastised the wicked bankers and made speculation fool proof, made release from debt easier for the municipality, the corporation and the farmer.

Likewise it established control of communications, gave the department of agriculture the power to determine cotton and tobacco acreage together with the right to spank the farmers who failed to obey, placed the entire sugar industry in the palm of Henry Wallace's hand and permitted the President to raise or lower tariffs as much as 50 per cent at his discretion. In between times it established an elaborate system for providing cheap credit for houses to be built by high cost union labor, arranged for the independence of the Philippines and passed more than six hundred other measures. The second session of the 73rd Congress averaged a little better than four bills a day.

The Principles of a Congressman

Most citizens have seen at least one Congressman. They are fine fellows, full of sympathy and eager to perform the little personal favors at their disposal. Just what principles induced them to pass this mass of apparently heterogeneous legislation? It is not enough to say that the will of the leader controlled them, since



TRACTORS tearing down hills of powdery white volcanic ash to get at bedrock for the foundation of the giant Grand Coulee Dam on the Columbia River, a \$63,000,000 federal expenditure for central Washington. The project will develop 700,000 horsepower of electrical energy and irrigate 1,200,000 acres of arid land. Thus Congress hopes to restore prosperity by spending money on public works projects.

SOCIAL LEGISLATION

Railroad employees who have been in service for 30 years may retire at 65 on nearly half pay under the provisions of the Railway Pension Act. Similar pension laws for all industries may be forced through the next session of Congress.

at conspicuously significant points they strained at the leash, and on two important occasions, the St. Lawrence Treaty and the restoration of veterans to government payrolls, they broke control. To understand the principles which motivate Congressmen it will pay us to consider the legislation which the last session would have passed had it not been for the firm hand of the President.

These Got Away

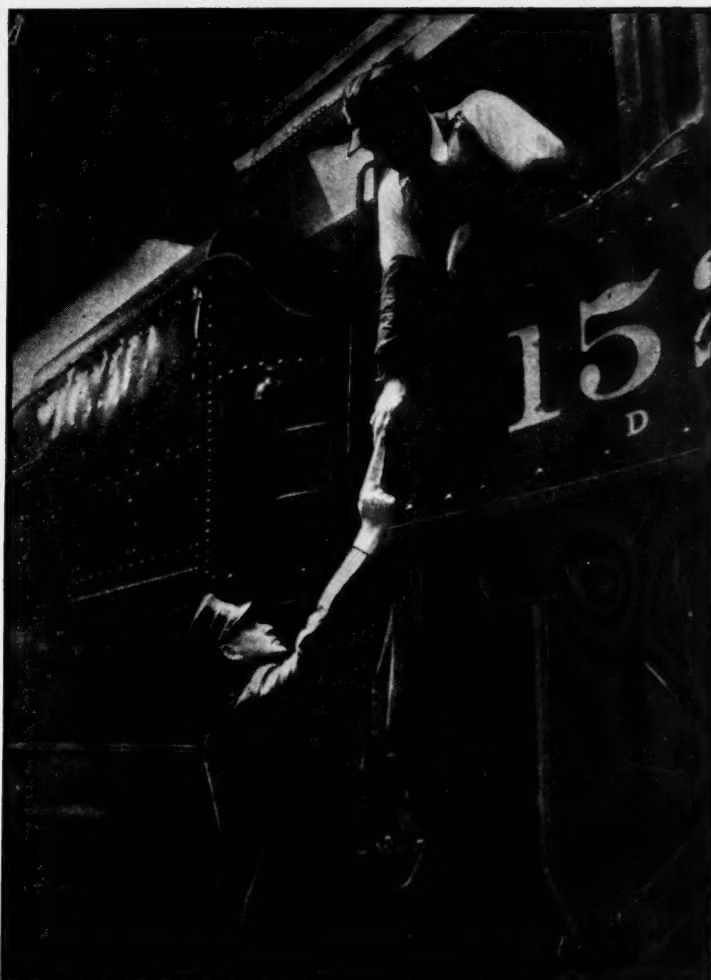
When the President established the Civil Works Administration in the early winter to compensate for the failure of the Public Works Administration and private business to absorb the idle, he forced the government to place approximately \$400 million a month on the line. The terms of relief were so attractive that many men left jobs in order to become eligible for the CWA. When the President announced in the spring that the Treasury could not stand the strain there came a deep, rumbling discontent from the lions in the Congressional den. Left to itself Congress would certainly have continued the \$400 million a month expenditure.

Without the President's whip hand the Economy Act in the first session would never have been possible, and even a veto did not stop the restoration of a part of the veteran and government employee cuts. Had the President been altogether complaisant it is certain that neither veteran or employee pay would have been disturbed. In fact there is an excellent likelihood that the rolls of the pensioners who once inhabited a uniform and their dependents would have been enlarged—another \$500 million a year out of the Treasury.

Then there is the deposit pay-off bill. The banks which failed during the depression and could not open after the holiday have already used all their assets which have any value as collateral. The balance left is probably largely worthless. Thus the acceptance of these assets as security for the payment of a billion and a half of deposits would have involved an immediate and lasting touch upon Uncle Sam's wallet for that amount.

Congress is thoroughly impregnated with the wisdom of government expenditure as a certain road to prosperity. The pressure for a larger public works program would in the absence of White House opposition have been successful and permitted the passage of such a measure as the La Follette bill providing for the expenditure of ten billion for highways, postoffices, slum clearances and deeper and better waterways.

It required the most adroit management by the President to prevent the passage of an outright free silver



Ewing Galloway

bill. The same may be said for the sentiment—most insistent in the Senate—for higher income and inheritance taxes. Bearing these measures in mind, as the frustrated intentions of the last Congress, consider these figures.

In the presidential election of 1932, 39,207,922 votes were cast, a concrete illustration of the most essential of the democratic processes. Government consists of the selection of a group of public officials by the voters, the compulsory exaction of revenue from taxpayers, and the expenditure of that revenue for the benefit of the general public—presumably. In the early days of popular government when parliaments had to contend with kings, nobles and the clergy it was urged on behalf of a wider suffrage that those who pay the bills of the state should have some voice in government. By dint of continuous agitation and a subtle sabotaging of the state's effort to collect revenues, the citizens who paid the taxes were finally given a voice in the government.

One Out of Every 26 Stands and Delivers

During 1932 when the two parties were formulating their platforms and choosing their candidates 1,525,546 citizens paid direct taxes to the Federal government. Their average payment was approximately \$1,100. In the aggregate they accounted for 57.5 per cent of Uncle Sam's income. The balance was derived indirectly through a variety of excise taxes and customs which so concealed the tax that the citizen who finally paid it was



Ewing Galloway

THE SILVER Purchase Act directs the President to acquire a silver reserve equal to one-third the gold reserve in the U. S. Treasury or, according to lightning calculators, about \$2,400,000,000 of the white metal which is pictured above in bullion form.

not conscious of the burden. Only one out of every twenty-six citizens who voted in the fall of that year was aware of his financial responsibility for the government which the other twenty-five helped him select. If Congress had had its own way during the last session it would as a certain minimum have voted an additional \$16,700 million of expenditures. This would have been spent almost entirely for the benefit of that part of the twenty-six which paid no direct tax to the Federal government. Its expenditures would have increased the immediate and long time burden upon the one citizen who is tapped each year by the Federal Treasury and commanded to stand and deliver.

In the year of the election 1,787 citizens with an income of \$100,000 or more paid an average income tax of \$61,000. Entirely aside from their material pre-eminence these men are probably among the ablest citizens in the land. Politically each one counts for precisely the same as Weary Willy who knows the world owes him a living and sees no reason for reinforcing the obligation with disagreeable exertion. As matters stand in this democracy the twenty-five voters who are unaware of a direct duty to support the government, but delightfully aware of the favors which that government can scatter, choose the President and the Congressmen who decide how much the one taxpaying citizen shall contribute. As a Congressman it is manifestly more important to please the twenty-five than the one.

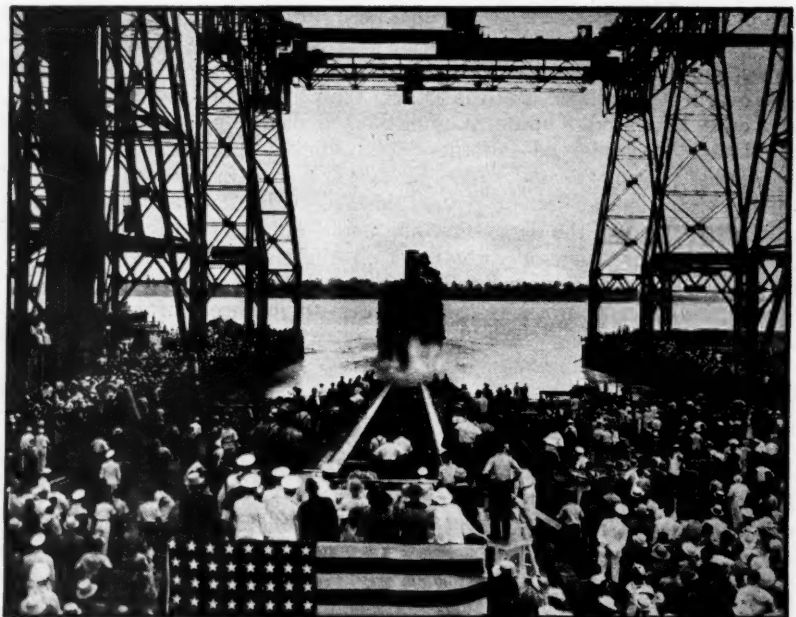
Anglo-Saxon political history in this matter has gone back to the days of King John. The taxpayer is again being taken for a ride. True he has a voice and thus is the letter

in the bond of progress confirmed, but the king, the twenty-five-headed despot, has twenty-five voices. If we bear this fact in mind the response of Congress to legislation becomes perfectly clear. Why should a Congressman concern himself about higher debts and greater taxes for the children and grandchildren of present taxpayers? That can affect openly and directly one out of every twenty-six votes. His job is to get the remaining twenty-five. A conservative, honest course will win the favor of one voter and the displeasure of twenty-five. After all, most Congressmen have had an elementary education which included arithmetic. This is the final and logical evolution of Jeffersonian democracy, the exaltation of the materially incompetent, which is the heart of the New Deal—certainly not the revealed truth of a new prophet.

The measures that Congress did pass may be placed in six categories in the order of their importance: first, the gold and silver acts; second, the cotton, tobacco, and sugar control acts; third, the Frazier Lemke farm mortgage act; fourth, the railway pension bill; fifth, the stock exchange control bill and finally the tariff act. This enumeration is patently incomplete and leaves out important measures which cannot be discussed solely because of space limitations.

Gold Reserve Act

The most important legislation passed by the last session is the Gold Reserve Act of 1934 (approved Jan. 30, 1934). It routs completely all the safeguards for



UNCLE SAM'S paper navy (we have never built up to treaty requirements) moved closer to reality early in July when the destroyer "Aylwin" moved down the ways. It was the first of four being built at the Philadelphia Navy Yard.



© New York Stock Exchange

THE Securities and Exchange Act of 1934 may prove of distinct benefit to trustworthy brokers. As passed it was not the punitive measure first introduced. Its purpose is to protect investors not alone from misrepresentation but from the speculative excesses brought about by their own folly. Pictured above is the floor of the New York Stock Exchange during a market session.

our currency which the ingenuity of the founding fathers incorporated in the constitution. Our colonial legislatures had been controlled largely by debtors who needed "relief" even as our farmers do today. Obliging lawmakers used colonial credit to issue promissory notes which circulated as money. The process was repeated and the paper bills of credit continued to depreciate. The resulting mischief was responsible for those two prohibitions in the Constitution, one denying states the right to issue bills of credit and the other prohibiting any laws which would impair the obligation of contracts. The Constitutional assembly had its eye on the states, not dreaming that the Federal government would one day undermine obligations and rape the currency.

The Gold Reserve Act nationalizes all the gold in the country, reduces the gold content of the dollar not less than 40 per cent and not more than 50 per cent, and creates a \$2,000 million stabilization fund. No accounting for the management of the fund is necessary for three years after the passage of the act.

Gold Standard and Sound Government Finance

The nationalization of gold places all the yellow metal in the hands of the Treasury and leaves our commercial as well as our Federal Reserve Banks without any of the precious bullion. Alone among all the great central banks of the world our Federal Reserve System has not an ounce of gold. The act is a fatal blow to the gold standard since it denies the right of currency redemption and even private ownership of gold. The

American dollar is now the government's unsupported I.O.U. *It is an unqualified promise to pay an indefinite amount of nothing in particular at an unspecified date in the future.*

The great virtue of the gold standard is that it forced upon the government a high standard of fiscal rectitude. If its financial conduct became loose, holders of currency could at once resort to the right of redemption and the rapid loss of gold would be in fact a gigantic alarm sounding the nation's distrust of the government's policies. This right of protest the government withdrew the moment it assumed office. The allegation that the country did not have enough gold to meet all the obligations payable in the metal is a barefaced subterfuge. No country on the gold standard ever had enough gold to meet all its obligations in that metal. With any degree of confidence in the integrity of the government the metal will be used over and over again. It is as though a grocer threw all his weights away on the ground that he did not have enough to weigh all his stock at the same time.

Exactly thirteen days elapsed between the introduction of this bill in the House and its passage in the Senate. The Coinage Act of 1873 required three years and the Federal Reserve Act, if we count prior agitation, hearings and reports more than seven years.

Silver and Recovery

The Silver Purchase Act (approved June 19, 1934) directs the President to acquire a silver reserve equal

to one-third the gold reserve. The theory of this act is that it will give our currency and credit a broader base permitting the issue of a greater volume of currency and the expansion of credit to limits not now possible. Also it will raise the value of silver and this will enable the Orient to buy more. It is assumed that this increase in purchases by the Far East will take place in America and consist mostly of farm products. (For an examination of this argument see the January issue of the REVIEW.) The precise amount of silver which this will require depends upon the manner in which the instructions are interpreted.

Assume for the purpose of illustration that the gold stocks of the Treasury are valued at \$7,200 million. If Mr. Morgenthau buys enough silver to equal one-third the present value of the gold stocks it would require a total of \$2,400 million of the white metal. Allowing for the silver already in the Treasury and a monetary value of \$1.29 an ounce this would call for the purchase of 1,450 million ounces. If on the other hand Morgenthau sells one-fourth of the \$7,200 million stock of gold and substitutes therefore silver it would require approximately 980 million ounces. The smaller of these two quantities will fill 612 fifty-ton freight cars.

Control Valves for Cornucopia

Next in importance are the farm bills which apply definite limits to domestic production. The Bankhead Cotton Control Act (approved April 21, 1934) was the first of these and provoked bitter debate in the Senate with Borah throwing the full power of his oratory and prestige against the bill. The cotton bill places the crop under compulsory control. It established the 1934-35 cotton crop at 10,000,000 bales, about two-thirds of a normal crop. Each individual grower is given a quota. If he exceeds this he is fined an amount equal to fifty per cent of the market price for each pound of excess with a minimum penalty of five cents a pound.

The scheme is to be tried for one year and the President is given the power to extend it a second year provided two-thirds of the growers are in favor of it. The Kerr Tobacco Control Act is modelled after the cotton bill. The Sugar Stabilization amendment to the Agricultural Adjustment Act apportions the American consumption of sugar among the principal producers as follows: America, 1,550,000 tons of beet sugar and 260,000 tons of cane sugar; Cuba, 1,901,752; Philippines, 1,015,185; Hawaii, 916,550; Puerto Rico, 802,842.

In all these bills the Secretary of Agriculture is given power which makes him the virtual czar of each group of growers. Wallace himself was not eager to assume the responsibility involved and asked for it only after the growers themselves had expressed an overwhelming demand for some form of effective control which would check the welchers. This statement applies, however, only to cotton and tobacco.

Huey Long's Price

The Frazier Lemke Farm Mortgage Bill was the price which the Senate paid for Huey Long's permission to go home. The measure allows farmers who have been unable to compose their differences with creditors to file a petition of bankruptcy from which two options issue. The court appraises the property. The farmer may pay one per cent interest the first year, the same interest plus two and one-half per cent on the principal

the second year, and ditto for the third year. During the fourth and fifth years the reduction of principle is increased to five per cent and the balance paid up at the end of the sixth year. If the creditor refuses to accept this, the farmer can nevertheless retain possession of the farm for five years and pay a rental determined by the court.

The importance of this measure is to be found in its denial of the mortgagee's rights. He is not permitted to seize the security and is forced either to accept the offer made by the mortgagor, take the one per cent interest for six years and the stated reduction in principal or wait for five years, accepting in the meantime such rental as the court may decide. It is a palpable alteration of a private contract by the government.

Our sixty-five leading life insurance companies have 8.63 per cent of their assets in farm mortgages. It is virtually a compulsory conversion plan for a special type of private obligation and will bear with particular severity upon Federal and Joint Stock Land Banks. In his message of approval the President stated that the new law would eliminate the deficiency judgment, a special form of creditor abuse, and that the losses to be sustained by mortgagees had been exaggerated.

Social Legislation at Top Speed

The Railway Pension Act, to which Congress devoted less than an hour, is another flagrant assault upon property rights on behalf of workers who happen to be well organized and greatly feared politically. It calls upon the workers to contribute two per cent of their pay to a pension fund to which the railroads contribute twice as much. It enables employees at the age of 65 who have been in service for thirty years to retire on a little less than half pay. We have already noted the burden of \$60 million annually which this imposes upon the carriers. The enthusiastic proponents of this legislation believe that it is the prelude to national pension legislation which the President will ask Congress to pass next year. This will apply the same principle to all forms of business. Conceivably the Securities Exchange Act may be made the device through which this scheme will be extended to other industries, the price of listing and trading on an exchange being the adoption of old age pension legislation.

Incidentally the stranglehold which this listing privilege gives the Federal government is by all odds more important than the direct control of the exchanges which seems at first to be the principle objective of the bill. Under its terms every form of business may be subjected to a regulation as exacting as that which now applies to the railroads.

Finally we come to the tariff act which superficially does not appear to fit the pattern described by other legislation, both passed and failed, of the last Congress. It grants the President the right to raise or lower tariffs fifty per cent, a prerogative which students of politics never dreamed Congress would surrender. With this power the chief executive will be able to make bargaining trade agreements with foreign nations and it is confidently expected that the beneficiaries in view are the farmers.

Certainly the legislative mill has labored prodigiously if not prudently. Its consistent purpose has been the pleasure of the twenty-five voters and the plucking of the twenty-sixth.



IF THE PRESIDENT holds to his plan of a balanced 1936 budget, no one need fear the effect upon business or confidence of a ten billion dollar increase in our government debt

In This Year of Recovery

By GENERAL CHARLES C. DAWES

THE AVERAGE NUMBER of years between the pre-depression prosperity and the year of revival, in thirty-five major depressions in this and other countries of the world, has been approximately five years and three and one-half months.

The general uniformity in the length of major crises suggests that the mass movement involved arises not from mass intelligence but from mass feeling, and is in accord with some underlying law of human nature.

Accordingly in considering the course of a particular major crisis we must try to form conclusions "adjusted," as Edmund Burke once said, "not to human reasonings, but to human nature, of which the reason is but a part and by no means the greatest part."

I will endeavor to make clear the overwhelming importance of mass confidence in our present business situation—to show that if it is maintained nothing can withstand our national progress toward full prosperity; and if it is impaired or lost, nothing can save us from a renewed economic collapse.

We hear much talk about the velocity of bank deposit currency as an important element in business recovery, but few of us understand how momentous is its part. This "velocity" depends wholly upon mass confidence; for in simple language it means the number of times the average volume of deposits, in banks subject to check, turns over in business in a year's time through payments made by checks.

The Power of Mass Confidence

Take the year 1921, for instance, when mass confidence was at low ebb. The estimated average of bank deposits subject to check that year was \$19,630,000,000, which had a velocity or in other words a turnover of 24.7 times, making an estimated volume of payments by check that year of \$484,000,000,000.

In 1926, the so-called year of "normal commodity prices" in this country, which we seek again to attain, the estimated average of deposits subject to check was \$25,570,000,000, which had a velocity or turnover of 27.2 times, making an estimated volume of payments by check that year of \$695,000,000,000.

The velocity of circulation of actual government money from hand to hand, which never passes through the banks, also depends upon mass confidence. In 1921 the volume of these payments in coin and paper money is estimated at \$97,000,000,000, and in 1926 at \$105,000,000,000. Thus the total volume of payments, both in checks and in coin and paper, in this country is estimated at \$581,000,000,000 in 1921 and at \$800,000,000,000 in 1926.

It is impossible to consider these enormous figures—especially those of 1926 where, in sustaining a level of commodity prices now considered to be satisfactory, a total volume of payments of \$800,000,000,000 was involved—without realizing the power of mass confidence and the dangers incident to its impairment.

The power of mass confidence, practically unaided by governmental stimulation, and with an increase in money circulation of only \$400,000,000 in five years from 1921 to 1926, increased national purchasing power in the shape of additional individual bank deposits by \$5,940,000,000 and increased the annual volume of payments by check by \$219,000,000,000.

It is an interesting fact that in each of two major depressions—the present one and that of 1893—the occasion when general confidence was restored is known. It is the restoration of confidence which, under the laws of human nature, is always the basis of renewed business activity and of final prosperity.

In the depression beginning in 1893, general confidence was restored at the national election in November, 1896, when the issue was that of sound money. In this depression, which began in 1929, general confidence was restored by the banking moratorium declared by President Roosevelt in March, 1933.

Recovery Already Started

It is also interesting to note that, as in the former depression, the fifth year is proving to be the year of recovery in this depression.

Burton, in his "Crises and Depressions," dates the beginning of the first year of real prosperity after the 1893 depression as June 30, 1897, eight months after the restoration of confidence in November, 1896. On June 30, 1898, says Burton, the country looked back upon a year of "unparalleled business activity," during which our favorable balance of trade was greatly increased.

It may well be that the beginning of the recovery in the present depression will be regarded hereafter as the eighth month after the bank moratorium of March, 1933, to wit: October, 1933.

That the beginning of a recovery in business after depression occurs through mass movement, is indicated by the fact that bank loans will fail to expand appreciably during the first year of recovery.

The masses do not demand any great amount of new bank credits during the first year of recovery. It is for that reason, which accords with experience in practically all depressions, that bank loans have not greatly increased as was expected this (Continued on page 59)

Democratic Machine Builders

By

RAYMOND CLAPPER



By Homan, in the Los Angeles News

"THIS MEANS YOU"

FOR ALL of its idealistic aims, the New Deal is not without guile. While the Quarterback directs the plays toward the goal of a "more abundant life" this laudable activity is salted with a good deal of practical politics, some of it as audacious in its way as the economic and social experiments.

Most conspicuous to the public eye is the play that is being made for New Deal Republicans whom the Administration hopes to annex in large numbers to the Democratic party. Less conspicuous is the inside garage work on the party machine. This has become almost a mass production job, what with the thousands of hungry party workers who have been living on reduced rations for more than a decade.

Uncouth Republicans blurt out that the Administration is playing a fast game of politics under cover of the New Deal. When the Administration deigns to notice such comment, which is not often, it shrugs off the matter on the noble ground of desiring to keep as many supporters as possible in Congress so that the worthy work may go forward unchecked.

Numerous New Dealers are riding the Pullmans now and will be all summer and fall, carrying the message of the Roosevelt Administration direct to the country. Secretary Wallace, the modest young philosopher of agriculture, Undersecretary Tugwell, the daring young man on the flying trapeze, and hard-headed Chester Davis, Administrator of AAA, all have been out among the farmers in the last few weeks, telling them of the benefits from crop reduction directed by Washington.

General Hugh S. Johnson, still bellicose but a little weary, has been around the country explaining anew

the characteristics and habits of his pet bird. Honest Harold Ickes is taking frequent occasion to point with pride to the budding (if rather late maturing) fruits of billions of Public Works expenditure. Members of the Tennessee Valley Authority are taking time out from damming rivers to answer the critics who have been damming them. Even Postmaster-General Farley has broken out with a new rash of speeches dedicating recently completed postoffice buildings, not forgetting to mention incidentally some of the achievements of the Democratic Administration.

President Roosevelt returns across the country from his Pacific cruise. With the subtle strategy which has marked him as an artist in politics, he leaves to his lieutenants the task of singing the Administration's praises while he dramatizes some of the gigantic PWA power projects, which may in the years to come survive as the principal physical monuments of the New Deal.

In other words, the Administration is out this summer selling itself to the country. It is proceeding about this business coolly with a good deal of high-pressure salesmanship. For a year and a half Washington has been pumping billions of dollars out to the country. Now, quite frankly, it is going out to collect in return a favorable verdict from the voters for another lease of power. For instance, Leo T. Crowley, chairman of the Federal Deposit Insurance Corpora-



By Ireland, in the Columbus (Ohio) Dispatch

REELIN' 'EM IN

Government licensing of radio stations places a powerful weapon—in effect: censorship over adverse criticism—in the hands of any political party in power.



THE ADMINISTRATION is out this summer to sell itself to the country. Intense concentration—high-pressure salesmanship—is creating momentum for another grand sweep of the polls in 1936.

tion, goes back to his home state of Wisconsin and in a speech lists the millions of dollars which have been distributed there by various alphabetical agencies, amounting to \$66 for each man, woman, and child. He goes straight to the point by adding that in face of such generosity it would be ungrateful for the people of Wisconsin, after receiving this aid, to turn around and tell the federal government to get out and quit interfering.

Before this campaign is over a similar story will have been told in every state. Chester Davis, representing AAA, went into New England to spread the glad tidings among the farmers there. But since they do not grow the major crops which have been receiving the Government's benefit payments, this resourceful New Dealer fell back on his alphabetical cousin, NRA, and explained how it had helped the textile industry and thereby aided the entire community indirectly.

Republicans fly into a rage every time they hear of such speeches, for they believe that the Administration is subsidizing the population with direct aid financed out of taxes and borrowing. They find it difficult to interest the voter who has just received a benefit payment check from Washington in the morning mail. Some of them remark cynically that voters can be bought more cheaply under the old system; the rate in Philadelphia has been a dollar a head.

Democrats go blithely on quoting statistics and explaining with assurance how everything is going along just perfectly grand.

But things got a little Pickwickian when President Roosevelt, in accepting an honorary degree from Yale University, said that he scarcely knew the politics of any one of his co-laborers at Washington and that merit, not politics, was the basis of the recruiting of the vast army of employees engaged in carrying out the Administration's work. Washington's comment on this was reflected in a cartoon in the *Washington Post*. On one side was the President saying he couldn't tell the politics of Washington officials. On the other side was Postmaster-General Farley, symbolized by an owl, saying with a wink: "I could."

General Farley is the political headman of the Administration, and his efforts are directed at rewarding the faithful and distributing jobs with an eye to strengthening the Democratic organization for the Roosevelt reelection battle in 1936. Time and again Democratic leaders in Congress have pushed the civil



By Elderman, in the *Washington Post*

"I COULDI"

A cartoon inspired by President Roosevelt's recent speech at Yale University.

service out of the way to make room for political job-holders. Secretaries Ickes, Wallace, and Perkins, who instinctively dislike political job seekers, have been in frequent hot water. President Roosevelt may think that politics does not enter the staffing of the great emergency bureaus in Washington, but nobody else will quite agree with him.

It was only by a Republican filibuster on the last night of the session of Congress that a Democratic bill was killed which would have put 103,000 persons to work on a special census of unemployment, agriculture, and live-stock, only a few days after the November elections. Republicans charged that this was an attempt to "buy the fall elections with 100,000 jobs". The bill got through the House. Leaders were set to put it through the Senate. But Senator Daniel O. Hastings, co-chairman of the Republican Senatorial-Congressional Campaign Committee, took the floor and refused to permit any further business to be transacted until Democratic leaders agreed to drop the plan. Representative Bertrand H. Snell, Republican leader of the House, had denounced the bill in vain.

"It is a patronage bill, pure and simple, framed and designed to carry the November Congressional elections," he said. The measure was introduced by Representative Ralph F. Lozier of Missouri, chairman of the informal Democratic patronage committee named last winter to find jobs for Democrats.

"The fact that the census would be held November

12 should convince anybody it is nothing but a political move," Representative Snell said.

Practically all of the new emergency agencies have been exempted from civil service restrictions. There is some merit in the reason advanced for this, which was that staffs had to be recruited quickly and that civil service methods were too slow. Yet that was not the only reason. Democratic Senators and Representatives were being hounded by political job hunters, and they wanted some place to put them. Postmaster-General Farley planted representatives in several of the leading government departments and emergency agencies, and these liaison officers served as contact men in distributing jobs. The rule was laid down that applicants for even the most routine clerical positions must have the endorsement of their Senators or Representatives, or of recognized Democratic party leaders back home. Without such endorsement there is little chance of getting a job in Washington in the lower ranks of Federal employment.

THIS is not altogether true in the key positions, where executives like Wallace and Johnson insisted upon selecting their chief aides without regard to politics. It is largely true of the rank and file.

The National Civil Service Reform League, in its annual report, declares that nearly 60,000 persons have been employed without regard to civil service regulations. Their salaries total more than \$75,000,000.

"Government is being called on to undertake the solution of nearly every economic, industrial, and social problem," the League says. "Long-range plans are being laid, with the most far-reaching objectives. The administration of these plans, the supervision of great industries, the regulation of social habits, the investigation of private business, is being entrusted very largely to politically appointed, political-minded subordinates, who have never been required to demonstrate their fitness for such responsibility.

"The tremendous responsibilities which the New Deal has placed upon government are too heavy for the handling of such amateurs, whose greatest qualification is that they were 'for Roosevelt before Chicago'."

That phrase comes from Postmaster-General Farley, who early in the Administration frankly gave notice that he intended to use his influence to gather into the Administration employees who were loyal to the President—the test of loyalty being whether they were for the nomination of Mr. Roosevelt in 1932. Everyone in Washington knows of instances of men and women, competent persons and regular Democrats, who have been refused appointments because they were committed to other candidates for the Democratic presidential nomination. There are numerous cases of this kind just across the line from Washington, in Maryland, where friends of Governor Ritchie—who was a candidate for the nomination himself—repeatedly have found doors closed to them.

President Roosevelt is held less responsible for some of the political packing of the government payroll than his lieutenants in the executive branch and his leaders in Congress. He publicly supported the attempt of Senator George Norris of Nebraska, a pro-Roosevelt Republican, to write into the bill guaranteeing bonds of the Home Owners' Loan Corporation a provision specifying that in appointments of employees in this agency no partisan political test or qualification should be

permitted or given consideration, and that appointments and promotions should be made in every instance strictly on the basis of merit.

Senator Norris wrote such a provision into the Tennessee Valley Authority Act, and with this as a weapon the independent-minded members of TVA fought off pressure of Postmaster-General Farley and Democrats in Congress. President Roosevelt, having gone through some patronage scandals in the initial days of the Home Owners' Loan Corporation, which forced him to reorganize the agency under a business man, John H. Fahey, saw the desirability of the Norris anti-political amendment. But Democratic leaders in Congress were cool, and it was killed.

Mr. Roosevelt has not been given such a clean bill of health in dealing with postmasters. On July 12, 1933, he issued an executive order making changes in the system of examinations for presidential postmasters. At first this was hailed as a step forward toward elimination of politics in the Post Office Department. But the Civil Service Reform League declared the order to be just the opposite. The order, it pointed out, made incumbent postmasters whose terms had expired—Republicans of course—and their subordinates in the civil service, ineligible for examination. It also permitted the Postmaster-General to disqualify anyone on the eligible list for any reason, not, as before, for residence and character alone.

A year later the Civil Service Reform League reported on the results of this order as follows: "The examination system now conducted for these postmasters is a sham and a mere cloak for the spoils system. It is a disgrace to the Roosevelt Administration and a serious liability to the United States Civil Service Commission.

"The President should without delay do one of two things—either modify the order so that the examinations are free and open, giving equal opportunity for the incumbent postmaster to compete with all others, and requiring appointment of the person standing highest on the resulting eligible list; or repeal the order and frankly return to selecting postmasters on an undisguised spoils basis, thus relieving the Civil Service Commission of the odious and useless task that has been put upon it."

ACTUALLY these jobs are for the most part a useless expense—some 5,000 first and second class postmasterships carrying salaries ranging from \$2,400 to \$12,000, which are passed out as political rewards. The post-offices themselves are run by permanent assistants and the politically appointed postmaster is an entirely useless ornament.

One more thing about the postmasters: When President Roosevelt made this gesture, in July a year ago, he announced that he was asking the Postmaster-General to prepare and submit legislation to place in the competitive classified list all first, second, and third class postmasters. Strangely, although the Administration pushed through numerous measures which it desired, not a hand was lifted throughout the last session to obtain this legislation and the matter passed off without any action whatever.

One cynical Southern editor explained the situation thus:

"The Democratic Administration needs a little time to get the service properly manned, and it will be able

to manage very well under the old rules, but if ever there should seem to be a chance of the Republicans coming back, the Department should be put under protection of the classified service forthwith." Party advantage is not to be overlooked.

There has been considerable boldness in this Administration about doubling up federal and party offices. It starts almost at the very top, where Postmaster-General Farley also serves as chairman both of the Democratic National Committee and of the New York State Democratic Committee. Perhaps a score of members of the Democratic National Committee took federal posts, as did a number of state chairmen. The Ohio national committeeman became Treasurer of the United States; the Ohio committeewoman became a collector of internal revenue in Ohio; the Kansas state chairman became Commissioner of Internal Revenue; Wyoming's committeewoman became Director of the Mint; South Dakota's committeeman became First Assistant Postmaster General; the Texas committeeman went on the Board of Tax Appeals. In Michigan, Minnesota, North and South Dakota, Maryland, and some other states, members of the national or state committees took federal posts.

In addition to this, others holding party offices, particularly national committee memberships, set up law offices in Washington and—so it has been generally gossiped—used, or gave their clients the impression of using, backdoor influence around government departments. One of these was secretary of the national committee. Another, whose former law associate was placed on one of the federal commissions, built up a practice in cases carried to that body. These political lawyers were obtaining the appointment of friends and heelers, and then taking clients to those officials at fees which enabled them to live in Washington in a style to which they had not been accustomed.

This combination of two-job holding, and of political law practice, became so blatant that President Roosevelt cracked down on it. He voiced his disapproval of persons holding party offices practising law in a way that implied backdoor influence in Washington, and he stated that persons holding both public and party office should give up one or the other.

The result was that the secretary of the Democratic National Committee resigned to continue his law practice; the party treasurer resigned to continue as executive director of the National Emergency Council; the Director of the Mint resigned from the national committee, and a few others severed their party connections. But Postmaster-General Farley, after saying he would resign whenever the President had found a successor, let the matter drop and the last word was that he would continue to hold his public and party posts for some time to come. The storm blew over and a number of the more thick-skinned politicians continued to hang on to both jobs.

Meantime, Secretary of the Treasury Morgenthau, who has been one of the most conscientious officials in trying to keep political influence out of the Treasury, found two hornets' nests on his hands. The Michigan national committeeman was collector of internal revenue at Detroit. He was charged with allowing his assistants to collect campaign funds, and he resigned his Treasury job but continued as national committeeman and job dispenser for Michigan. The other instance occurred in the Philadelphia internal revenue office, where employees were charged with collecting political funds. There again resignations and suspensions followed.

As a result of those affairs, Secretary Morgenthau served official notice that effective September 1 no employee of the Treasury Department could hold a party organization office. "A man cannot collect for Uncle Sam and the party at the same time," he said.

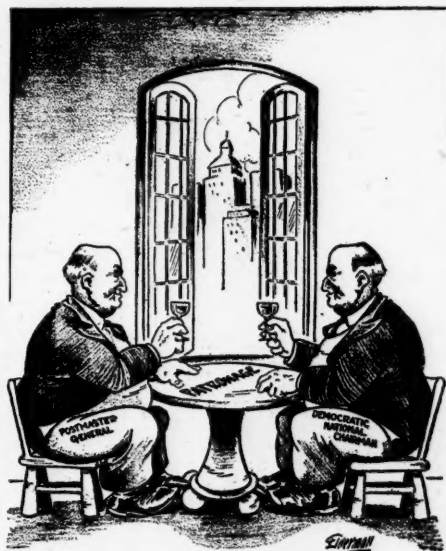
But the thing is really beyond reach of formal orders. It goes much deeper. Secretary Morgenthau feels strongly enough on the subject to get some results. There is little evidence that such feeling obtains in some other quarters of the Administration. The tendency is to play the political game as hard as public sentiment will permit. Sometimes concessions have to be made for the sake of appearances.

At heart the political tone of the organization is set by General Farley, the big, boyish, friendly fellow who built up the group which ran the first Roosevelt cam-

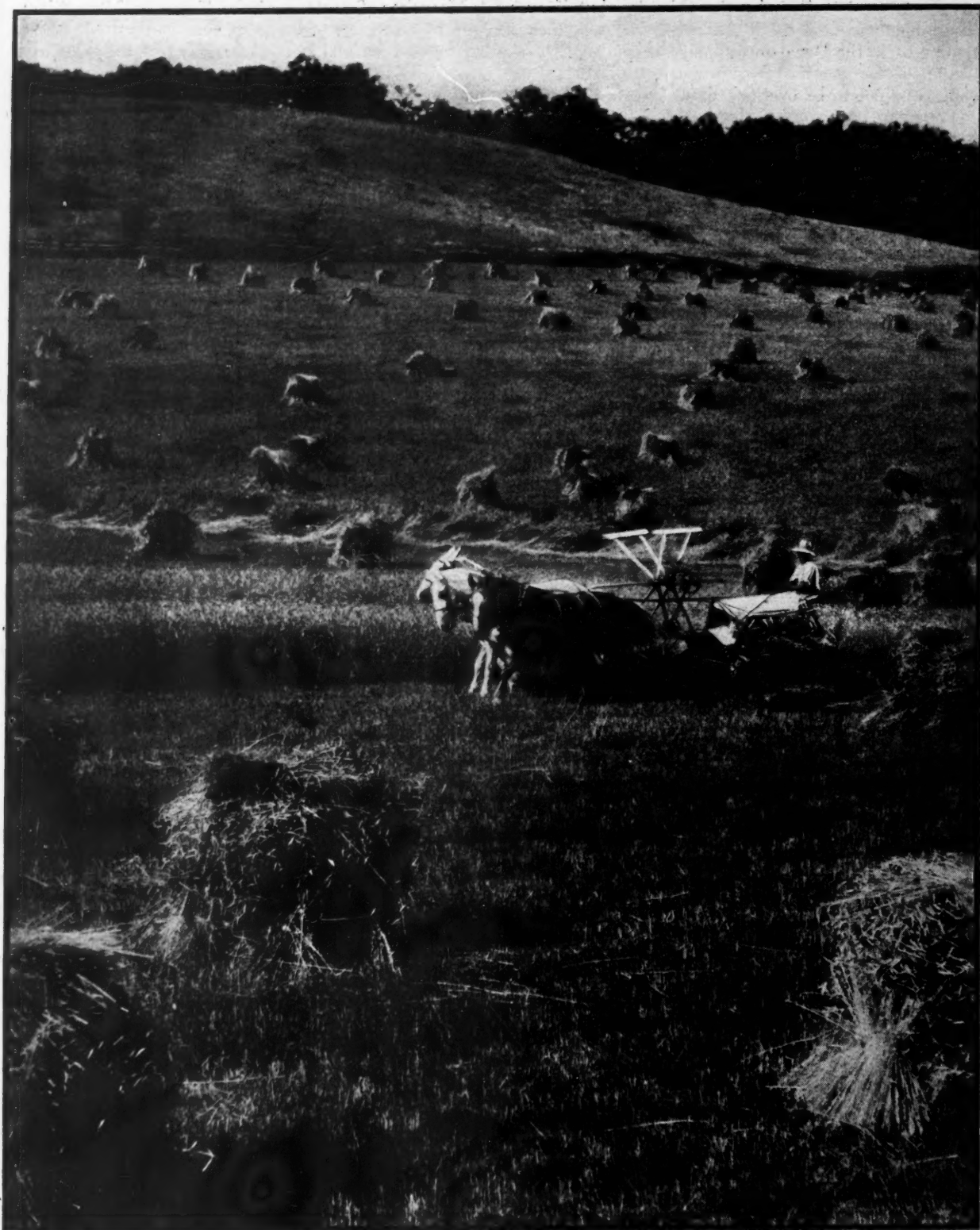
paign. He knows that the battle in 1936 will be harder and he is overlooking no chance to strengthen the organization for that struggle. He is for the New Deal only because it is the party program. Under his guidance throughout the Administration there is an intense concentration on building political outposts and in taking care of persons who will be useful in 1936, and no foolin'!

For the most part the public has heard of the other side of the Administration, of the recovery program and the attempt to eliminate abuses which had grown up through years of prosperity. It has heard mostly of Wallace, Ickes, Perkins, Hopkins, Johnson, and their New Deal lieutenants who, whatever the soundness of their policies, are working hard and conscientiously. To them politics, when it enters their calculations, is a secondary consideration.

By and large the work of these men in high place has been non-political, though relief distribution has seemed to favor areas under the control of groups in good standing at Washington. They have operated on a big scale, and a fair one, notwithstanding that the New Dealers are now out to gather for the Administration the kudos expected in return for this outpouring of billions. They are working one side of the street. The Democratic machine builders are working the other side. No wonder the Republicans are a little discouraged over the prospects in November.



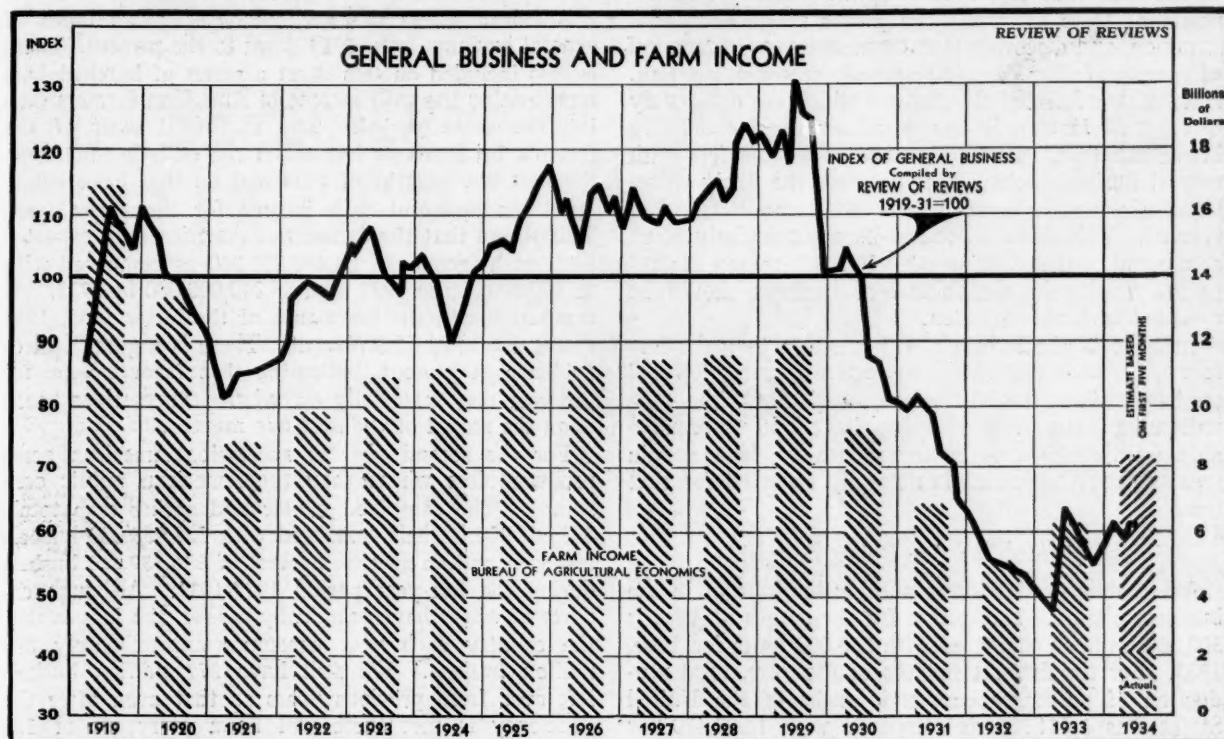
By Elderman, in the Washington Post
"COCKTAILS FOR TWO"



H. Armstrong Roberts

FARMERS in 1934 may expect a total cash income of \$8,450,000,000, compared with \$6,360,000,000 in 1933 and \$5,240,000,000 in 1932. A prosperous farmer makes a prosperous nation. This 60 per cent increase from the depths compares with an increase in general business of only 22 per cent, as measured by Review of Reviews statisticians.

THE PULSE OF BUSINESS



THE REVIEW OF REVIEWS index of general business shows another decline of two points below the figure for May. This is the third consecutive decline, and marks a distinct pause in the progress of recovery. There has been a sharp decline in cotton consumption from a total of 535,000 bales in May to 390,000 in June. Construction, in spite of assiduous and sustained support from the government, continues to languish. There is a drop in the REVIEW index from 31 to 28 percent of normal. In actual dollar totals, June shows \$127,100,000 in contracts, as compared with \$134,400,000 in May. In this connection, it should be recalled that the cost of building materials and wages is substantially higher now than it was a year ago. The construction dollar has declined much further in buying power during that period than has the dollar in general.

Steel ingot production showed a drop from 74 to 71 percent of normal, the rate of operations for the months of May and June being respectively 58.06 and 52.68. There has been a further sharp drop in the rate of steel operations during the month of July. This is due to a number of unusual factors, most of them growing out of the New Deal.

The Drop in Steel Production

The first of these is the threat of labor trouble which hovered over the steel industry during the months of May and June. This led to a high rate of output in anticipation of a possible suspension of operations. As a result, some of the principal consumers—the can companies in particular—accumulated stocks, in some cases equal to three months' requirements. When the

steel strike was finally composed, as a result of the repudiation of the radical "rank and file" element in the Amalgamated Association of Iron, Steel and Tin Workers, there was an inevitable drop in demand. Another factor accounting for the sharp collapse in operations at the beginning of the month was the curious change which the codes have effected in steel orders. In the pre-code days, a consumer placed his order with a steel company, and this was the equivalent of an option to buy a stated amount of steel at any time in the future at the price prevailing when the order was placed. These orders reached fantastic totals, and were mistakenly assumed by commentators to indicate a genuine backlog of orders. The significance, in consequence, was seriously over-rated.

What the Code Does

Now, under the code, the consumer who places an order in any quarter for steel must specify against it, that is to say, exercise the option which it gives him during the current quarter. At the end of the period, any orders which remain on the books are automatically cancelled. This means that in a period when prospects indicate a rise in price, steel consumers will try to anticipate, as far as possible, their future needs, resulting in a higher rate of operations for that particular quarter. When it terminates there is a sudden drop in activity. This is exactly what happened when the second quarter of the current year came to an end. Steel operations, which formerly had hovered at 60 percent of capacity, suddenly dropped to 21 percent.

This change has proved very confusing to the

statistician who attempts to work out an abstract index or yardstick of business. In order to eliminate all factors except the actual net change in business, the statistician is called upon to make allowances for normal seasonal fluctuations. He studies the experience of the steel industry, the newsprint industry, the department store sales, electric power production, construction, and discovers that these series, over a period of years, follow a well-defined seasonal pattern. Having thus isolated the changes which are due purely to seasonal factors, he makes allowances for them in his calculations. Thus, when the codes interfere with normal business behavior, it destroys the finely calculated seasonal gauges which the statistician has evolved. This disturbance has been particularly acute at the end of the sixth month. For this reason the apparent decline in the volume of business should be accepted with some caution.

In spite of the failure of construction to make any forward strides, the decline in cotton consumption and steel operations, the business picture is not without its redeeming features. Carloadings have held up remarkably well, and show for the month of June a gain greater than that which is normally expected for that month.

Automobiles Are Being Bought

Automobile production is another bright spot in the business picture. Production for the month of June is 300,000 units as compared with 250,000 units for June, 1933. For the first six months of the year, total production of passenger cars and trucks in the United States was 1,744,905 as compared with 1,007,420 for the corresponding period of 1933. Furthermore this production is based upon an active demand for cars from consumers. Although complete figures for the entire industry are not available for the later months, the record of General Motors for the first six months is at hand. During the month of June, sales of General Motors cars showed an increase of 18.5 percent over May. This is definitely contrary to the usual seasonal behavior of automobile sales. In fact, in only one other month in its entire history has General Motors sold more cars than trucks in June than it has in May. This month walks off with another record in showing a greater total of sales than any other month of the year, the previous high being 106,349 in April as compared with 112,847 units in the month of June.

Another item which comes to hand and is profoundly significant in its reflection of greater capital courage is the course of new equipment orders placed by our railroads during the first six months of the year. In this period in 1933 our carriers ordered 567 freight cars as compared with 22,885 ordered in the same period in 1934. The corresponding figures for passenger cars are 8 and 357, and for locomotives 4 and 63. In past depressions, new financing by railroads, the refunding of matured issues, and the spurt in orders for new equipment have always been unfailing signals of a recovery trend that had been established beyond all reasonable doubt. No railroad can convert its existing bonded indebtedness into a new issue unless the management of the road itself, as well as the capital market, possess a reasonable assurance regarding the future.

In a similar fashion, the placing of orders for new equipment requires substantial confidence in the future on the part of rail management. The fact that the

evidence on this point is so substantial may be accepted as a partial offset for the apparently discouraging nature of the general business record.

The Farmer's Income Grows

The chart which accompanies the pulse of business this month shows the REVIEW OF REVIEWS index of general business from 1919 down to the present. There is also included on this chart a series of hatched bars representing the cash income of American farmers during the same period. The statistical staff of the REVIEW OF REVIEWS has taken the cash income from the first five months of 1934 and on that basis calculated the apparent cash income for the entire year. This shows that the farmers of America may expect a total cash income of \$8,450,000,000 as compared with \$6,360,000,000 in 1933, and \$5,240,000,000 in 1932. As compared with the low figure of the latter year, 1934 shows a gain of 61.3 percent. There is a great deal of evidence at present, indicating that farm income for the year may materially exceed the expectations based upon the record of the first five months.

For the second year in succession American acres produced less wheat than the American public consumed. The combined winter and spring crop totals 483,662,000 bushels compared with 527,958,000 bushels last year and an average harvest of 886,359,000 bushels during the five-year period 1927-1931. Although exports of wheat have practically ceased, the fact is that the country each year consumes approximately 600 million bushels. We still have 277 million bushels left over from previous years so that even after the deficiency is met there will be a carryover of 125 million. This is considered a safe normal surplus and may be compared with the staggering excess of 393 million bushels which oppressed the market two years ago.

The contribution of the elements in the correction of this surplus condition may be measured by the condition of wheat on the first of July, estimated by the Department of Agriculture at 52.4 percent of normal compared with an average condition on that date of 76.1 for the period of 1922-1931. The influence of the AAA may be seen in the acreage, which is 43,996,000 as compared with the average for the same ten-year period of 57,812,500.

Curtailement Plans for Next Crop

The success of the wheat program, fortuitous in part to be sure, has buttressed the determination of the AAA to go ahead with its program of curtailement for the next year. Agreements have already been signed with 575,000 wheat growers, who account for 77 percent of the crop, to cut their acreage 15 percent below the 1928-1932 average. A processing tax of 30 cents a bushel will be levied at the flour mill which is to be paid to the farmer in the following manner.

Assume that the average domestic consumption of American wheat in the period of 1928-1932 was 600 million bushels and that the average crop in the same period was 800 million bushels. In other words, three out of every four bushels of wheat raised by the farmer were consumed at home. Suppose Hiram Brown next year has a 1,000 bushel crop. On three out of every four bushels which he has raised, i.e., 750 bushels, he will receive a benefit payment from Uncle Sam amounting to 29 cents per bushel. The (Continued on page 56)

THE BRAIN BEHIND HITLER

By ROGER SHAW

THE inner circle of the National-Socialist-German-Workers-Party (*Nationalsozialistische Deutsche Arbeiterpartei*) is a select one. It would include Hitler, Goering, Goebbels, Lutze, Frick, Feder, Rosenberg, Hess, Epp, and other front-line fighters, mostly Protestant, Bavarian, and petty bourgeois in their origins. Behind these men stand certain great Rhenish industrialists—such as Krupp and Thyssen—who have proved themselves dependable financial backers of the movement, in exchange for the abolition by the Nazis of strikes and trade unions. These industrialists also count on German rearmament as a lucrative policy overflowing with potential profits for German heavy industry. In friendly understanding with the great German industrialists, it appears, are the munition-makers of other European factory-countries, who form a sort of grim international interested in fascist movements of any sort.

In the brown-shirted Nazi ranks, one hears most of Chancellor Adolf Hitler, dictator and orator of parts, with his distinctive mustache, drooping lock of hair, and fiery maxims. There is also General Hermann Goering, World War ace of "flying circus" fame, now functioning as Prussian premier. He has been the sledge-hammer behind Nazi policies, a Robespierre of the Nazi revolution, often compared laughingly to General Hugh Johnson of the American New Deal because of his driving enthusiasm and doughty blows. There is the veteran Dr. Wilhelm Frick, a puritanical old Cato who dislikes Negro jazz music; and Alfred Rosenberg, who detests "semitic" Christianity and has a weakness for such Nordic gods as Thor and Wotan. But, above all, there is Dr. Paul Joseph Goebbels—one-man brain-trust of the Nazi movement.

Goebbels is only 37 years of age, and a comparative newcomer in the Nazi hierarchy. He hails from Rheidt in the smoky Rhineland, where his father was a factory manager, while his mother was the daughter of a blacksmith. The Rhineland is kindly, tolerant, easy-going, and very Catholic; but Goebbels, although there is something Latin in his hasty temperament, is far removed from the characteristics of his native province.



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PAUL JOSEPH GOEBBELS—German Minister for Propaganda and Nazi Extraordinary—is in reality Hitler's one-man brain trust, modestly self-styled "torch-bearer for Hitler."

Quick, brilliant, nervous, cynical and vindictive upon occasion, he is small, dark, and lame, with great brown eyes and a large head which contains ample brain-matter with which to think out current problems.

Goebbels attended no less than eight German universities, finally receiving his doctorate of philosophy from ivy-clad Heidelberg with high honors. He came of age the last year of the World War, and did not find that the Treaty of Versailles was a very palatable twenty-first birthday-present for an ambitious and aspiring young German whose special forte was to be journalism. A virtual cripple, his activities became highly cerebral, and his young head buzzed with plans and theories related to the unhappy fate of his post-war fatherland. He devoted himself to small-town journalism, and wrote patriotic plays.

A profound student of history, art, literature, and philosophy, Goebbels entered the political arena in 1922, and by 1924 was editor of a lesser Nazi paper—*Voelkische Freiheit*. In 1927 he became presiding genius of the biting Berlin *Angriff*, official Nazi press organ for North Germany, and acted as district leader of the Nazi party in the German capital city. He was elected to the Reichstag the following year, and in 1929 was appointed propaganda chief for the entire Nazi machine. Ever active, Goebbels has written fourteen books and pamphlets devoted to Nazi politics and theories—"The Unknown Storm Trooper", "Fight for Berlin", "The Second Revolution", "The Damned Nazis", and "Lewin or Hitler" being among the better

known of these. He married comparatively young, in the midst of his diversified activities, and is the proud father of two attractive children who will, no doubt, become orators and literati in their turn.

Goebbels, in his philosophy, early became a convinced nationalist, due to the harsh Versailles peace terms and the resulting invasion of the German Ruhr by French and Belgian soldiers in 1923. Coming as he did from the Rhineland, he found that Allied military occupation was galling—his indignation turning him into a potential Nazi. In his economic views Goebbels was radical, indeed almost communistic or "Bolschi". But true communists were internationalists who believed in close coöperation of all workers of the world through the Third International of Moscow, and this Marxian ideal the nationalistic Goebbels rejected. He believed, instead, in a German *national* collectivism—of, by, and for Germans alone. In this he was in former agreement with two Nazi leaders, Roehm and Gregor Strasser, who are now dead chiefly because of their unorthodox beliefs, which proved highly objectionable to the industrialist-backers of the Nazi rise to power. Goebbels, however, has stuck loyally to Hitler.

THERE is only one legal political party in Germany today—that of the Nazis—but within the Nazi movement there are right and left wings which are favorable, respectively, to capital and to labor. At the present time the conservative right is in power, as evidenced by the new German labor code, and by the indirect influence exercised by heavy industry. Hitler and Goering are strongly capitalistic in their sympathies, as is old Dr. Frick. Later may come a swing to the left, with an increased regulation of private employers in the interests of the all-embracing Nazi state. The new labor code is apparently highly flexible, with much depending on the interpretations put upon its provisions by Nazi labor trustees and Nazi labor courts of honor. Goebbels is unquestionably in sympathy with leftward economic shifts, as the need for Krupp, Thyssen, and Siemens financial contributions lessens and Nazi rule becomes more firmly established in the dynamic Third Reich.

Hitler's name and fame were materially forwarded by his Munich organ of journalism, the *Voelkischer Beobachter*, which was violent and at times a trifle scurrilous, but which was nevertheless extraordinarily effective day by day, year after year. Goebbels ran the *Angriff*, Berlin organ of the Nazi movement, which was at times even more raucous than its Munich contemporary. Goebbels' journalism, too, had the faculty for attracting city proletarians, although the Nazi movement as a whole was strongly and distinctively white-collar bourgeois. True, the vast majority of German labor was anti-Hitler; but whatever proletarian following the Nazi leader was able to assemble was due, primarily, to the ceaseless efforts of Goebbels and Gregor Strasser, Goebbels' particular comrade in the Nazi campaign. Goebbels understands factory workmen far better than does his chief.

Goebbels' fame grew, and his oratory was second only to that of Hitler himself. Goebbels' powers of invective were almost unparalleled; and his fanatical zeal upon the lecture platform or soapbox drew huge multitudes who came to gape and stayed to cheer. Hating Jews and capitalists alike, Goebbels found it

easy to identify the two; whereas other Nazi spokesmen were in the habit of linking Jews and communists. Expert in matters of publicity and propaganda, of press, radio, speech-making, and stage and screen, Goebbels' final destination in the Nazi scheme of things was not hard to determine. Following the Nazi advent to power in January, 1933, he became German Minister for Propaganda and Public Enlightenment—a mouth-filling title indeed, and one of real responsibilities and powers.

As under all fascist regimes, the German press was severely censored and subjected to a rather ruthless regimentation. Many of the leading liberal newspapers were Jewish-owned or Jewish-edited, and this class of journal came into high disfavor—in fact, it was even urged that journals owned by Jewish proprietors be compelled to print their news in Hebraic characters! Many opposition papers and magazines decamped, and were published in Paris, Zurich, Amsterdam, or Prague, from which vantage points they were free to attack the Nazis and all their works. The Swiss *Zuercher Post*, written in German and, of course, uncensored, became the most popular newspaper in Germany because of its untrammelled presentation of world news. Many other foreign periodicals, including the *Manchester Guardian* and the *REVIEW OF REVIEWS* were barred because of the "insidious" nature of their articles and editorial comment.

The German press which remained after the exodus of anti-Nazi journalists was divided, roughly, into party and non-party organs. The *Voelkischer Beobachter* and *Angriff* were leading Nazi papers; while the *Frankfurter Zeitung*, *Berliner Tageblatt*, *Koelnische Zeitung*, and Catholic *Germania* were typical of the independent, yet heavily censored, daily press. The ancient "Auntie Voss" (*Vossische Zeitung*, founded in the eighteenth century) went out of business, and everywhere the number of newspapers was greatly reduced. Radio programs were carefully supervised, and it was made illegal to listen-in on subversive red broadcasts emanating from nearby Russia. Free speech was taken away, and political discussion was limited to a mild questioning of Nazi means, but never of Nazi ends, which were considered to be too sacred for criticism. "Grousers", "grippers", "killjoys", and pessimists in general were heartily denounced as reactionaries who were attempting to stem the swift advance of Nazification.

GOEBBELS has been ultra-active in all of this regulation, flying hither and thither to speak or agitate or administer. Academic freedom has been withdrawn from the universities under the little doctor's direction, and Jewish or liberal professors have found that Oxford or Princeton are safer places just now than Heidelberg or Bonn. Education and religion must further the ends of the all-embracing totalitarian state, along with books, papers, radio, art, stage, screen, and music. In this highly complex control of the so-called Fourth Estate, Goebbels has shown himself a complete and consummate genius. Himself an intellectual of the first rank, he knows how to deal with other temperamental people—at times with suave tact; if need be, by an exercise of force. Both very fond of the arts, Goebbels and Frau Goebbels spend many evenings with the bachelor Hitler, while Ernst Hanfstaengl—keen press agent and ardent Harvard reunionist—plays skillfully on the piano in quiet seclusion. (Continued on page 63)

July in Germany



★
BACK of the headlines in the Nazi's bloody purge. Elimination of extremists indicates a middle course.

NOT A SECURE THRONE, ADOLF

By Fitzpatrick, in the St. Louis Post-Dispatch

Fitzpatrick

THE CURRENT political situation in Germany is by no means as complicated as it would appear. The Hitler *coup d'etat*, which opened on June 30, served to forestall mutinies among the Nazi storm troops who were being sent on a month's compulsory vacation beginning July 1. It was widely understood that the vacation meant permanent disbanding of at least a large proportion of the brown-shirted troopers, who valued their social positions and party perquisites much too highly to relinquish them voluntarily. The unhappy troopers numbered between 2 and 3 million at the time of the coup.

Captain Ernst Roehm, Nazi commander-in-chief of the storm troops, was bitterly opposed to the order for vacation, as were many of the important troop leaders. Hitler saw the impending menace of mutiny, and his government struck the Nazi troopers before the Nazi troopers could strike the government. The whole procedure was a particularly grim sort of party "purge" which cost the lives of Roehm, Strasser, Ernst, Heines, Heyn, and a number of other lesser Nazi bosses. Men were shot in Berlin, Munich, Breslau, Saxony, and at other German centers; and the reluctant storm troopers were forced on their vacation as their leaders met death.

The storm troopers, for the most part, held radical economic views which were distrusted by German industrialists who have financed the Nazi movement. Furthermore, they were much feared by foreign countries, like France, as a potential military threat forbidden by the terms of the Treaty of Versailles. They were becoming a Nazi state within a Nazi state, and to propitiate German capitalists and foreign diplomats the storm troops had to be sacrificed.

The Nazi storm troopers, recruited almost entirely from the German lower-middle class, had been attracted to the Hitler movement by certain socialistic planks in the leader's party program. These economic promises signally failed to materialize in the year and a half that elapsed after Hitler's advent to power. The impoverished storm troopers were naturally dissatisfied. The banks had not been nationalized, the department and chain stores had not been extirpated, and the bankrupt East Prussian feudal estates had not been subdivided among the unemployed.

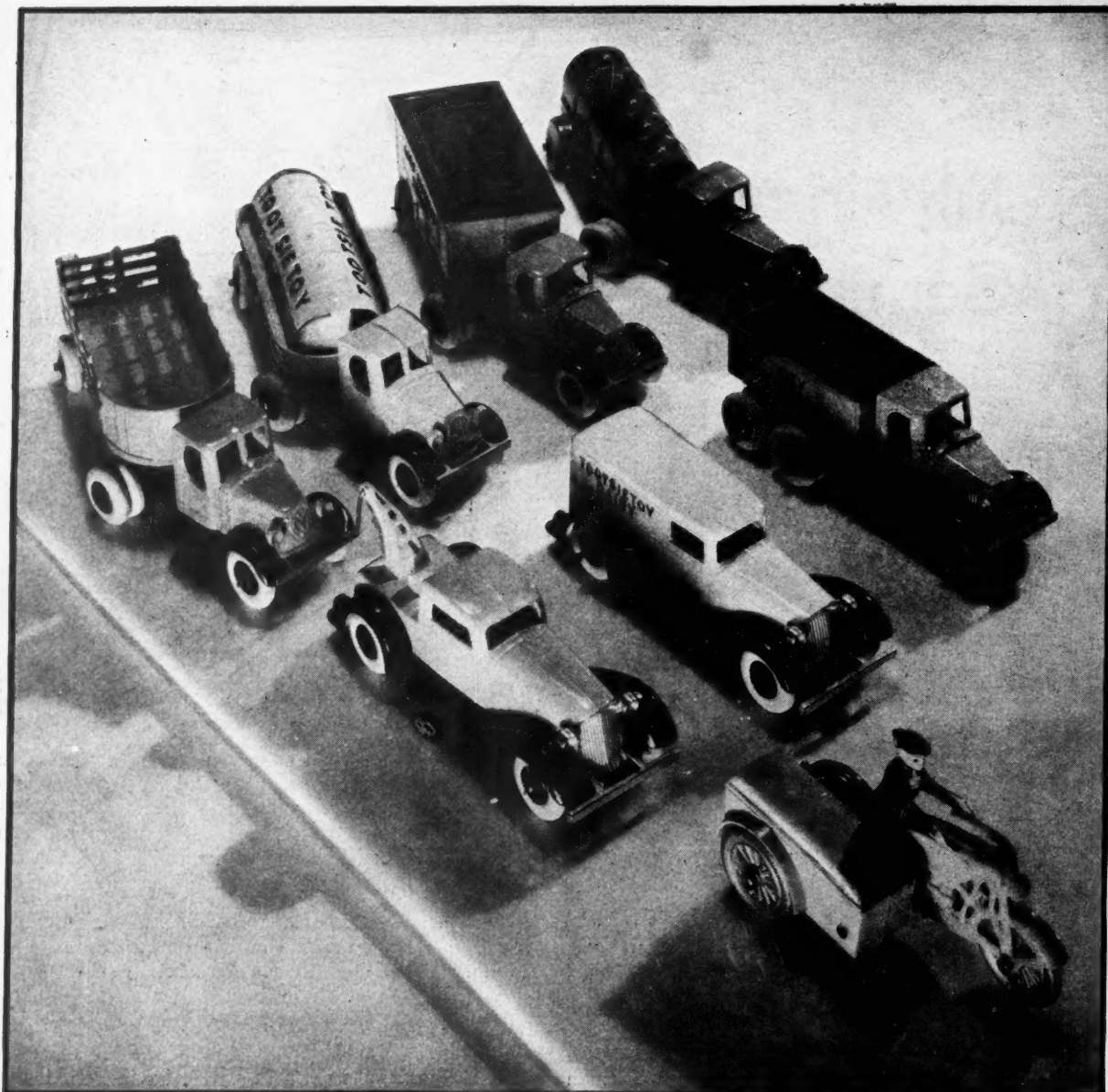
THOUGH Hitler struck primarily at the left elements within his party, he struck also at certain non-Nazi elements of the conservative right. General Kurt von Schleicher and his wife, influential mon-

archists, were shot; while a number of lesser king-lovers were jailed or done away with. Klausener and Von Kahr, two Catholic opponents of Hitler, were killed. Even Vice-Chancellor von Papen, conservative and non-Nazi, was temporarily detained to the annoyance of his non-Nazi friend, old President von Hindenburg. Goebbels and Goering, ministers for propaganda and Prussia, stood loyally by Chancellor Hitler in his ruthless purging—Goebbels busying himself in Munich, while Goering held the center of the stage in Berlin. The Reichswehr, or German regular army, maintained an orderly neutrality as betwixt the contending Nazi factions; while old Hindenburg supported Hitler in his drive against the Nazi radicals, who were also the most extreme anti-semites.

The whole episode is reminiscent of the French terror of 1794. Then, the Jacobin party, having eliminated opposition elements by the use of the guillotine, became divided into cliques which sent one another to death at the blade of that sanguinary tool. Finally all ended with the execution of the brilliant Robespierre, himself the arch-terrorist. Party-purging of today in Fascist Italy and Communist Russia is accomplished by strokes of penmanship, and not by shots from revolvers.

The German casualty list is uncertain, but it numbers probably well under a hundred. By the elimination of diverse opposition elements, Hitler's personal position appears to have been strengthened—but the position of the Nazi party has weakened greatly, due to the punishment of its most active constituency. Monarchist and Catholic reaction, as well as Nazi economic radicalism, have received summary setbacks; and Chancellor Hitler may be expected, henceforth, to pursue a middle course—following the gunning of his own most devoted supporters.

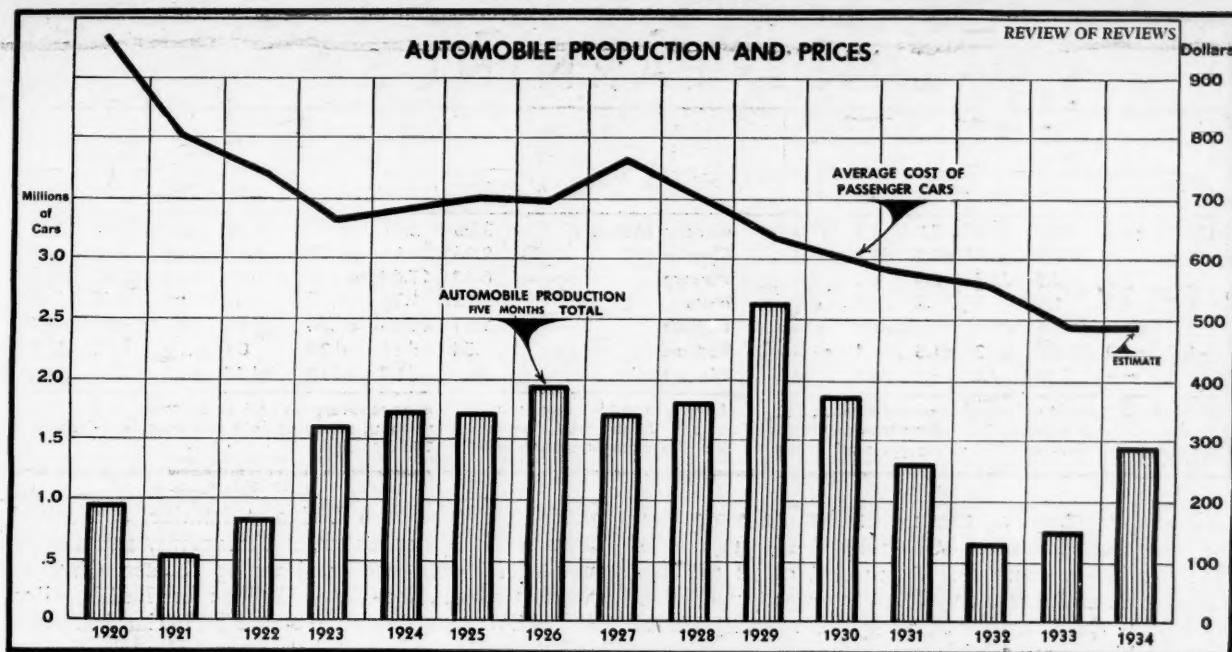
Before his advent to power, Hitler had the support of 13 million German voters. Some 11 million of these belonged to the lower-middle class. Doubtless their sympathies, in the late fracas, were largely with the liquidated Nazi storm troopers.—R. S.



Courtesy The New Jersey Zinc Company



AUTOMOBILES have been showing the way out of depression depths. But some companies, naturally, have fared better than others. The article that follows calls attention to prevailing trends and seeks to apply a new theory of investment analysis evolved by Joseph Stagg Lawrence. The analysis emphasizes four factors: gross earnings, net earnings, book value, and dividends. And it reduces each of those factors to a "price per dollar" basis. For example, what does the investor pay for a dollar of net earnings? Seven companies are selected for attention here, and each is given a rating for each of our four factors. Then the ratings are themselves graded. The idea is to help the investor make decisions.



PRODUCTION SINCE 1927 has gone up and down and up again; but the average price of automobiles goes ever downward. Our chart is based on the factory price of cars.

Analyzing the "Motors"

By HOWARD FLORANCE

WHEN THE YEAR 1933 opened there were signs on the business horizon—temporarily obscured two months later by the bank crisis—which seemed to justify a conviction that the corner had at last been turned and that revival was imminent. The suggestion was made then in these pages that if other industries hesitated too long the automobile industry was prepared to lead the country out of depression.

A year and a half later that suggestion stands the acid test of time. The automobile definitely has assumed leadership in the business upswing and has carried other industries along with it, notably steel. And if the reader wishes to indulge in fruitless reminiscence let him try to recall an instance of government aid to the automobile maker, a single dollar out of the billions poured out by Washington to prime the business pump.

In the first six months of this year automobile production far exceeded the total for the full year 1933. Approximately 1,800,000 passenger cars and trucks were turned out in the half-year just ended, a gain of 75 percent over the corresponding period in 1933; and if that gain is maintained the year 1934 will show a total production of 3,475,000 cars. It would bring the industry back to 1930 in volume (but not in cash value) and to the pre-boom year 1927. Disregarding abnormal 1928 and 1929, the automobile industry thus has actually regained what might conservatively be considered to be its own normalcy. Again we refer to volume of business, and not to income or profits.

But these last five years have dealt harshly with some motor manufacturers. Competition is keen and the public is fickle. Also, a flattened pocketbook has exercised a marked influence upon the consumer's choice. Receiverships within the industry never were more numerous.

Unless a manufacturer makes a car that sells for not more than \$750 wholesale, nine out of ten buyers now go elsewhere. It is a trend that grows ever stronger. In 1927 65 percent of all cars sold were in that low-price class. In 1933 the percentage exceeded 90.

Domination by a "Big Three"

Thus we see the Ford carrying on, regaining the lead surrendered in recent years to the Chevrolet. We see the General Motors Corporation popularizing the Pontiac as well as the Chevrolet, so that these two now comprise 83 percent of all General Motors cars. We see Mr. Chrysler changing emphasis from the car that bears his own name to the newer and cheaper Plymouth, which has already won third place among the entire field. We see the Hudson Motor Car Company promoting the low-price Terraplane, and the Nash Motors Company devoting 60 percent of its production effort to the new LaFayette car.

Three companies—General Motors, Ford, and Chrysler, in the order named—produced 13 out of every 15 cars turned out in the first five months of 1934. They accounted for 1,285,412 passenger cars and trucks out of a total of 1,474,442 (Cram's Reports).

NET EARNINGS

Total (000,000)								Per Share						
Average 1928-1933	Yearly			1st Quarter				Average 1928-1933	Yearly			1st Quarter		
	1931	1932	1933	1932	1933	1934			1931	1932	1933	1932	1933	1934
132.6	87.5	d9.0	74.0	7.0	4.5	27.0	General Motors	3.05	2.01	d.21	1.72	.17	.11	.63
9.2	1.4	d11.2	12.1	d2.0	d3.0	3.3	Chrysler	2.06	.33	d2.57	2.78	d.47	d.69	.76
1.0	3.5	d.9	d2.3	8.0	d.5	d.8	Auburn	6.60	17.64	d4.46	d10.29	.04	d2.68	d3.9
8.5	4.8	1.0	d1.1	.2	d.1	d.1	Nash	3.12	1.76	.39	d.45	.08	d.05	d.05
2.2	d1.9	d5.4	d4.4	d1.2	d1.4	d.8	Hudson	1.37	d1.25	d3.54	d2.88	d.81	d.97	d.52
8.8	d2.9	d.6	.3	d1.5	d1.1	d1.2	Packard	.54	d.11	d.38	.02	d.10	d.08	d.08
1.9	d.9	d.14	d.4	d.3	d.03	d.03	Mack Trucks	2.31	d2.7	d.219	d.67	d.42	d.54	d.04

NASH maintained an enviable record through 1932, but came to red ink figures in 1933 when recovery had set in for three of the companies and was bringing two others toward the profit margin. Mack Trucks seems to be about ready to join the black ink brigade. Chrysler's first quarter 1934 compares most favorably with the corresponding period in 1933.

Placing emphasis on cars rather than on companies, we find that four cars—Chevrolet, Ford, Plymouth, and Pontiac—account for 77 per cent of all the passenger cars and trucks registered in those five months. Thus does the American buyer in this recovery period register his approval of low prices.

Out of every 100 passenger cars, this year's model, that roll along any highway, 29 will be Ford, 26 Chev-

rolet, 16 Plymouth, 6 Dodge, 4 Pontiac, 3 Buick, 2 Oldsmobile, 2 Studebaker, 2 Terraplane, and the remaining ten will be divided among Hudson, Chrysler, Nash, Graham, De Soto, Cadillac or LaSalle, Reo, Willys-Overland, Auburn, Hupmobile, Packard, Lincoln, and Pierce-Arrow—somewhat in the order named.

More Value for Less Money

However much one might suppose that the lower price level is merely a symptom of hard times, the fact is that the trend was downward even through our period of prosperity. The National Automobile Chamber of Commerce publishes production figures each year showing both volume and wholesale value. In 1919 the industry produced 1,657,652 passenger cars, valued at \$1,461,785,925. This was an average of \$882 each at the factory. At the peak of prosperity, in 1929, 4,794,898 passenger cars were turned out, valued at \$2,981,141,842. The average price, wholesale, had fallen to \$622. For last year the Chamber reports a production of 1,627,768 passenger cars, valued at \$795,304,780, which proves to be an average of \$488.

A price decline from \$882 to \$488 in fourteen years is a record which the industry may point to with pride, but it is also a record which the investor will do well to keep in mind. Gross income from the same volume of business is reduced by 45 percent. The point is

RATING

	Based on Present Price of Stock				Final Com- bined
	Gross Earn's	Net Earn's	Divi- dends	Book Value	
General Motors	5	2	3	6	1
Chrysler	1	1	5	7	2
Nash	7	4	2	4	3
Auburn	4	7	1	2	4
Mack Trucks	3	5	4	1	5
Packard	6	3	6	5	6
Hudson	2	6	7	3	7

TO OBTAIN our final rating, we "weight" the four factors as follows: Gross earnings, 1; net earnings, 4; dividends, 4; and book value, 1. The reader may choose to apply different weight values:

GROSS EARNINGS

Total Yearly (000,000)					Per Share				1st Quarter 1934
Average 1928-1933	1931	1932	1933		Yearly				
					Average 1928-1933	1931	1932	1933	
959.6	808.8	432.3	569.0	General Motors	22.11	18.59	10.07	13.27	4.77
242.8	183.8	136.5	238.6	Chrysler	55.11	41.74	31.24	54.71	2.88
23.4	37.0	12.8	5.3	Auburn	130.55	182.26	58.45	23.73	—
20.0 ^a	35.9	15.3	8.9	Nash	7.48*	13.29	5.78	3.36	—
73.3	38.2	25.8	23.5	Hudson	46.21	24.71	16.82	14.72	—
54.1	29.9	15.5	19.2	Packard	3.60	1.99	1.03	1.28	—
35.5	27.6	13.2	15.7	Mack Trucks	47.42	37.25	19.53	23.53	—

*Figures published 1931-1933 only.

CHRYSLER alone, in 1933, approximates its average gross earnings during our six-year period—actually 98 per cent. General Motors achieves a 59 per cent recovery; Nash and Mack 44 per cent; Packard 35; Hudson 32 and Auburn 23. The table shows how deep is Auburn's recent dip: one-seventh as much business in 1933 as in 1931.

PRICE PER DOLLAR

	GROSS EARNINGS		NET EARNINGS		DIVIDENDS		BOOK VALUE	
	Average 1928-1933	1933	Average 1928-1933	1933	Average 1928-1933	1933	Average 1928-1933	1933
General Motors	1.99	2.41	14.42	18.60	16.60	25.60	2.74	2.03
Chrysler	.82	.75	21.31	14.75	23.44	41.00	1.96	2.07
Auburn	1.18	1.22	23.33	—	41.07	12.00	1.87	.53
Nash	6.15	5.06	14.74	—	12.10	22.66	2.65	1.19
Hudson	.82	.81	27.74	—	14.02	—	1.33	.65
Packard	3.88	3.12	25.93	200.00	27.45	—	3.61	1.20
Mack Trucks	1.12	1.10	22.94	—	14.64	26.00	.77	.41

easy to demonstrate: It happens that production in the year 1919 was approximately the same as in 1933—1.6 million passenger cars in each year. But the wholesale value in 1919 was 1,461 million dollars, while in 1933 it was only 795 million. With as many cars made, the industry had 666 million dollars less with which to pay for materials, labor, and capital.

The Investor Wants to Know

Accompanying this present article is a series of tables especially prepared after a formula devised and perfected by Joseph Stagg Lawrence, economist of the REVIEW OF REVIEWS. His purpose is to make available to the investor a better yardstick for measuring values. A homely analogy is that of the housewife who has an opportunity to shop among half a dozen stores in the community before she buys her Thanksgiving turkey. Where will she get the most, in quality and quantity, for the money she is willing to spend?

Where will the investor get the most value per dollar? He is buying future income—i.e., dollars of dividends. His question is: "Where can I buy a dollar of dividends payable in the future for the lowest present outlay? Since dividends depend on net earnings, where can I buy a dollar of net earnings for the lowest present outlay?" He asks the same question regarding gross earnings and book value, since the corporation whose future income he is buying must have a plant (i.e., physical assets) and do business (i.e., have

gross income) before it can have net income.

It takes into account four principal factors: gross earnings, net earnings, book value, and dividends. It spreads the record over six years—two in a prosperous era, three in bad times, and one in a period of recovery. It is not infallible, nor all-sufficient; the investor must weigh for himself certain invisible factors such as management. Even these, however, may be discovered in the data that are assembled.

Rival managements in the automobile industry never will admit that there is a fight for leadership. Each

DIVIDENDS

	ANNUAL							QUART- ERLY	
	Aver. 1928 1933	1928	1929	1930	1931	1932	1933	1934 1st 2nd	
General Motors	*2.65	3.80	3.30	3.30	3.00	1.25	1.25	.25	.25
Chrysler	1.92	3.00	3.00	2.25	1.00	1.25	1.00	.25	.50
Auburn	3.75	4.00	4.00	4.00	4.00	4.00	2.50	.50	.50
Nash**	3.79	6.00	6.00	5.00	3.50	1.50	.75	.25	.25
Hudson	2.71	5.00	5.00	4.50	1.50	.25	0	0	0
Packard***	.51	.80	.90	.90	.45	0	0	0	0
Mack Trucks	3.62	.06	.06	5.50	2.25	1.00	1.00	.25	.25

* Present stock dates from January, 1929.

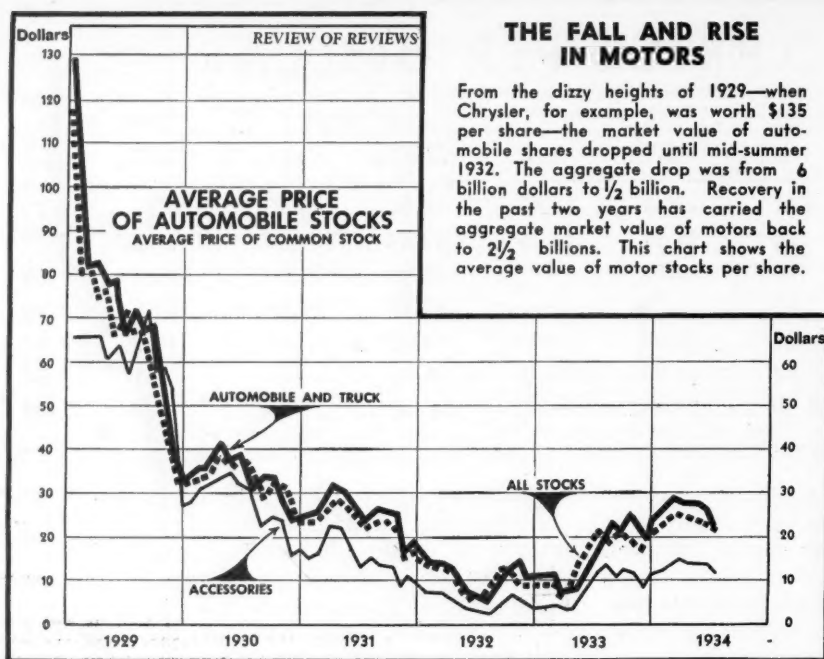
** In addition paid dividends in stock.

*** Present stock dates from September, 1929.

BOOK VALUE

	Average 1928-1933	1928	1929	1930	1931	1932	1933
General Motors	16.05	16.23	18.74	16.19	15.34	14.10	15.72
Chrysler	23.41	27.65	29.94	22.65	22.20	18.23	19.78
Auburn	82.32	70.31	83.51	78.41	85.69	71.00	56.49
Nash	17.36	19.68	20.22	17.81	16.65	15.50	14.29
Hudson	28.58	35.17	37.50	32.01	27.36	21.03	18.39
Packard	3.88	4.03	4.37	4.38	3.76	3.38	3.34
Mack Trucks	68.98	72.17	75.27	72.00	65.32	65.65	63.47

BOOK VALUE, roughly speaking, is capital plus surplus divided by the number of shares. Packard's 15 million shares, ten times as many as Hudson, help to explain its low book value per share. Book value fluctuates largely as surplus is accumulated or dissipated, and ups and downs are not as pronounced in this table as in others.



expresses innocence of what the other is doing. But the man in the street looks on at what he believes to be a struggle of gladiators. NRA conditions force an increase in Chevrolet prices. Mr. Ford registers horror at the very thought of a price rise. He gets a larger piece of the consumer's pie. Chevrolet announces lower prices. Mr. Ford announces lower prices. And so the contest for first place runs on.

Possibly it is because the Ford V-8 is a super-bargain. Possibly it is because he had cars on hand for immediate delivery. Possibly some scores of thousands of buyers have wished to show their appreciation of Mr. Ford's long-time labor policies. Whatever the reason, the Ford car this year has regained its lost leadership.

The best contemporary guide to automobile sales is the compilation of registration of new vehicles—i.e., license plates bought. We find that Ford registrations during the first five months of 1934 were 230,781; Chevrolet registrations were 204,121. In the early months of 1933 official registrations had been almost 2 to 1 in favor of Chevrolet. The car that appeared to be hopelessly distanced a year ago has not

in the year preceding 510,060. Figures have been released by the corporation for six months of 1934, showing 495,000 sales to domestic consumers.

During the last three years, the first-six-months sales of General Motors have averaged about 60 per cent of each full year's total, so that by such a yardstick the corporation may expect to sell 825,000 cars in this current year.

General Motors makes six passenger lines—Chevrolet,

merely caught its rival but gained a long lead.

But since the Ford Motor Company is privately owned, in Henry Ford's immediate family, any discussion of its ups and downs from an investment standpoint is futile. The major purpose of this article is to throw light upon the investment status of automobile companies in which the reader may have a present or prospective personal interest.

General Motors, Colossus

Aside from its important interest in such directions as electric refrigeration and aviation, the General Motors Corporation makes automobiles. Ineed, it is quite certain to make almost a million of them this year. Last year its sales to consumers within the United States totaled 755,201;

PRICE PER DOLLAR OF NET EARNINGS

	Net Earnings Per Share		Market Price Per Share June Mean	Price Per Dollar of Net Earnings	
	Average 1928-1933	1933		Average 1928-1933	1933
General Motors	3.05	1.72	32	14.42	18.60
Chrysler	2.06	2.78	41	21.31	14.75
Auburn	6.60	d 10.29	30	23.33	No net
Nash	3.12	d .45	17	14.74	No net
Hudson	1.37	d 2.88	12	27.74	No net
Packard	.54	.02	4	25.93	200
Mack Trucks	2.31	d .67	26	22.94	No net

CHRYSLER'S net earnings per share in 1933 were better than its six-year average, the only company to show such a record. This table indicates that Chrysler is a better bargain now, from the important standpoint of net earnings, than it was at any mythical average moment during the six-year period.

PRICE PER DOLLAR OF GROSS EARNINGS

	Gross Earnings Per Share		Market Price Per Share June Mean	Price Per Dollar If Gross Earnings	
	Average 1928-1933	1933		Average 1928-1933	1933
General Motors	22.11	13.27	32	1.99	2.41
Chrysler	55.11	54.71	41	.82	.75
Auburn	130.55	23.73	30	1.18	1.22
Nash	7.48*	3.36	17	6.15	5.06
Hudson	46.21	14.72	12	.82	.81
Packard	3.60	1.28	4	3.88	3.12
Mack Trucks	47.42	23.53	26	1.12	1.10

*Figures published 1931-33 only.

GROSS EARNINGS are offered at bargain prices in the purchase of Hudson and Mack shares until the investor notes also the companion table of net earnings. This shows such minus quantities per share that Hudson and Mack take bottom rank. Chrysler alone gives both gross and net value per dollar of market cost.

Pontiac, Oldsmobile, Buick, LaSalle, and Cadillac—and the General Motors Truck. Passenger cars are offered at a price range from \$465 to \$8950, a car for every pocketbook. Its share of the whole market in 1933 was 42.9 per cent, the largest it ever won. But with Ford and Plymouth making far larger gains this year than Chevrolet and Pontiac, the General Motors share this year obviously will suffer.

Examination of the statistical data that form part of this article gives General Motors first place in investment rating as well as in mere size. The corporation managed to show net earnings available for its

common stock in each year of depression except 1932; and even in that year it maintained an unbroken dividend record by drawing upon accumulated surplus. It is a record approached only by Chrysler, and by Nash except for this present year.

It happens that General Motors sales for June were the largest of any month in three years, carrying the peak later into the year than is customary. Plainly the second quarter earnings, to be published early in August, will far exceed the 63 cents per share earned in the first quarter. The present regular dividend rate is 25 cents quarterly, maintained since June, 1932. There was an extra 25 cents last December, to make this year's return \$1.25. Investors in General Motors have reason to expect prompt reflection, in dividend returns, of sustained improvement in net earnings. They need only to watch current sales and these are reported monthly.

Chrysler, in Third Place

Three years ago Mr. B. E. Hutchinson, vice-president and treasurer of Chrysler Corporation, called attention in these pages to the faith of his company in basic prosperity. He was speaking of the launching of the

PRICE PER DOLLAR OF BOOK VALUE

	Book Value Per Share		Market Price Per Share (June Mean)	Price Per Dollar of Book Value	
	Average 1928-1933	1933		Average 1928-1933	1933
General Motors	16.05	15.72	32	2.74	2.03
Chrysler	23.41	19.78	41	1.96	2.07
Auburn	82.32	56.49	30	1.87	.53
Nash	17.36	14.29	17	2.65	1.19
Hudson	28.58	18.39	12	1.33	.65
Packard	3.88	3.34	4	3.61	1.20
Mack Trucks	69.98	63.47	26	.77	.41

BOOK VALUE, since it is based upon capital and surplus, may at times play statistical tricks. Here it gives undue rank to Auburn because that company has only 219,000 shares of stock while General Motors has 200 times as many. Also a low par value, as in the \$5 Chrysler shares, is likely to mean a low book value and therefore a high cost per dollar of book value when high earnings influence the market price.

new Plymouth car, in a period of general adversity. The company already was making Chrysler and DeSoto, and it had acquired Dodge by purchase. Plymouth was frankly to battle for the low-price field.

In 1929, the first full year following the Dodge merger, Chrysler Motors sold 450,000 cars. In depression years 1930-1932 sales averaged 255,000. In 1933 they climbed to 452,000. And based on six months of 1934 Chrysler Motors are now on their way to a new high record, with 388,000 cars sold in the half-year.

But our assembled statistical data show that while Chrysler *gross* earnings in 1933 were about equal to the six-year average (by far the best showing of all the companies) its *net* earnings that year were hardly more than half the six-year average. The consumer was getting a better break than the investor.

Packard worked itself out of red ink figures in 1933, with modest backsliding in the first quarter of 1934. Nash, Hudson, and Mack Trucks are drawing ever closer to the profit line.

Auburn alone, of the seven companies which we have selected, is falling deeper into the red. It had the highest net earnings per share in 1931, the lowest in 1932. It is the only company whose deficit was greater in 1933 than in 1932—except for Nash, where there is reason to believe that an investment in a new LaFayette car is constructive.

PRICE PER DOLLAR OF DIVIDENDS

	Dividends		Market Price Per Share June Mean	Price Per Dollar of Dividends	
	Average 1928-1933	1933		Average 1928-1933	1933
General Motors	2.65	1.25	32	16.60	25.60
Chrysler	1.92	1.00	41	23.44	41.00
Auburn	3.75	2.50	30	41.07	12.00
Nash	3.79	.75	17	12.10	22.66
Hudson	2.71	.00	12	14.02	No divid.
Packard	.51	.00	4	27.45	No divid.
Mack Trucks	3.62	1.00	26	14.64	26.00

AUBURN achieves first rank here because its dividend was maintained at a high rate during 1933—the highest of all our seven companies—in the face of a large and growing deficit. The July dividend, this year, has been passed.

Investment Status of "Motors"

Looking backward over the past five years it may be useful to the reader to set down the stock market's appraisal of the automobile industry, in comparison with its valuation of big business in general. How low did automobile stocks fall, as compared with all listed stocks? How far have they recovered? We ask those two related questions and answer them.

In June of five years ago the total market value of the shares of automobile and truck makers, and manufacturers of accessories, listed on the New York Stock Exchange, was 6 billion dollars. At the low point in July, 1932, this aggregate market value had shrunk to half a billion dollars, a drop of 87½ percent. Shrinkage in all listed stocks in the same period averaged 82 percent. Automobile shares, therefore, had lost a little more than the average.

From that low point of two years ago the automobile industry's shares have recovered to a June value this year aggregating 2¼ billion dollars, a rise of almost 350 percent. Meanwhile the rise in market value of all stocks listed has averaged 150 percent. Automobile shares have gained far more than the general run of the whole list.

We have selected seven motor stocks for comment in this article. The New York Stock Exchange carries the shares of these seven companies and eleven others besides. In addition there is an "accessories" group of thirty-six companies—tire manufacturers, for example. The whole, as we have said, has a present market value approaching 2½ billion dollars; and the Ford Motor Company, a private corporation, is not included.

It is worth noting that these automobile companies rarely have outstanding bond issues or even preferred stocks. The Dodge bonds of the Chrysler Corporation are an outstanding example of the one, and the preferred shares of General Motors Corporation of the other. Thus the earnings of automobile companies are reflected promptly in their common stocks.

★ RAISING the National Income



Photograph by Rittase

WHEN ADAM SMITH'S "Wealth of Nations" appeared in 1776 it did more than define the beginning of a new epoch in economics. It established order in the minds of men overwhelmed by the prolific and diverse manifestations of a rapidly changing world. With his own peculiar genius, Adam Smith summoned the tangible facts of economic life and evolved a theory of government conduct and automatic law in the field of economics which simplified economic problems and made them comprehensible to average men.

As Tough a Problem as Adam Smith Faced

The land has been passing through a revolution as complex and baffling as that which greeted the end of the eighteenth century. There is no lack of facts for the diligent and inquiring student. That is not his problem. His principal difficulty is to avoid suffocation from the multiplicity of facts. To change the figure slightly, it might be said that the country today is suffering from a case of acute factual indigestion. This is due partly to the extraordinary progress which the Government has made in supplying the student with statistical material bearing on almost every conceivable phase of national life, and partly to the progress of the scientific spirit among economists. Each year new cohorts of aspiring Ph.Ds are turned loose in fields whose facts have resisted capture. The research staffs in our great universities and those laboring for foundations have pressed back the boundaries of night's domain.

A recent chief executive appointed a research commission to determine "the facts" before adopting any

★
HOW FAR beyond that well-known corner
can we lead Old Man Prosperity?

important policy. This universal urge to present "the facts, all the facts, and only the facts" severely condemned any truant expression of opinion which was not fully supported by "the facts". Statistical eclecticism reached a point where the intelligent public refused to consider the facts since they could be understood, if at all, only by experts. Readers resorted to the journals of opinion where the ailments of the world were attractively, if not accurately, analyzed and remedies were prescribed which compensated for their superficiality by a most engaging plausibility.

The business man who finds himself unable to accept the postulates of technocracy, the tenets of the consumers-dividend school, or the alluring hypothesis that the economy of the country has been transformed from one of scarcity to one of abundance, finds himself helpless against the polemics and selected data of the new prophets. He drags forth such tomes as "Recent Economic Changes", "Economic Tendencies", and "Recent Social Trends". Resolutions to support his instinctive distrust of these new theories will of necessity succumb to an obstruction of his mental passages by facts, facts, and ever more facts.

The Tragic Modern Paradox

It is for these reasons that the attempt of the Brookings Institution to probe the fundamentals of capitalism, and provide an answer to the many questions which assail the thoughtful citizen of 1934, deserves to be ranked with the corresponding effort of Adam Smith a century and a half ago. These scholars have just completed the first of four volumes dealing with such problems as America's Capacity to Produce, America's Capacity to Consume, the Formation of Capital, and Income and Economic Progress. The three remaining volumes will follow promptly.

The broad purpose of this study is to determine whether faulty distribution of wealth is a potent cause of poverty. The interest of these students in the New Deal is detached. Their jobs do not depend upon an approval or disapproval of the Administration's attempt to restore prosperity and reform our economic institutions. Nor do the authors betray the taint of any isms, even though they examine frankly the fundamentals of capitalism.

This much is certain: No man can come to an intelligent or tenable conclusion regarding the New Deal or any of the various forms of socialism until he has first studied with an open mind this bold and brilliant contribution to the literature of modern economics.



MATCH the conclusions of "America's Capacity to Produce" with your present convictions.

The critic who is likely to choke on a statistical gnat should never undertake to read any of these volumes. They will cause him pain at frequent intervals. The determination of excess capacity, for example, in many cases is a refractory statistical problem. Instead of offering overwhelming reasons for an inability to determine the excess capacity of the power industry, let us say, these men courageously compromise their statistical virtue and offer what they consider the most intelligent and most competent estimate. We fear for the consequences in future meetings of the American Economic Association.

The average business man as well as the statesman seeking light will press the precedent-defying savants of the Brookings Institution to his bosom. This is a world in which the preponderant proportion of business and political decisions must be made upon reasonable assumptions and intelligent guesses, rather than upon solid certainties. Here is a group of scholars willing to assume the risk of being wrong in order to afford the less gifted and less privileged world the benefit of their special knowledge.

The first volume available for distribution, through the REVIEW OF REVIEWS as well as the Brookings Institution, deals with the origin of wealth—the combination of raw materials, equipment, and labor, which produces goods and services. It omits the guiding intelligence which makes the combination fruitful, namely, management. But this is due to the qualitative character of management which defies quantitative measurement, rather than to any disinclination of the authors to include it.

In these days, when deliberate and conscious economic planning has become the stated policy of the Government, speculative imagination may with some license explore the possibilities of maximum production. More than one member of that inner council which constitutes the advisory body of the New Deal believes that a rationally directed use of the country's physical resources, mechanical equipment, and labor will result in a stream of goods substantially greater than any which the country has enjoyed in the past; that this output equitably distributed will raise the standard of life far above present levels; and finally that this richer stream of material satisfactions will require less human effort. The more abundant life of Utopia will be attended by unprecedented leisure.

The Dream of the Technocrat

"America's Capacity to Produce" recognizes this dream in the conclusion, even though the intermediate chapters pour upon it the frigid waters of reality. If the country were using its raw materials, plant, and

1. In 1929 America was utilizing its productive equipment up to 80 per cent of capacity. This was slightly greater than the percentage of use during the period 1925-1929.
 2. During the 30-year period, 1901-1930, the country's margin of unused capacity showed no increase. In fact there is reason to believe that idle plant capacity was a much more serious problem in the five-year period 1901-1905 than it was in 1925-1929.
 3. The speculative boom of the late twenties did not place a strain upon the country's banking and credit facilities. There was ample credit for business and a generous margin for further expansion.
 4. As measured by actual production America was not living beyond her means in the period 1925-1929.
 5. With some few exceptions the evidence proves that there was no undue investment of capital in plant and excess capacity during 1925-1929.
 6. Technocrats and New Dealers notwithstanding, the country with its present labor force, natural resources and technological equipment could not have increased its output in 1929 as much as 20 percent.
 7. We are still in an economy of scarcity. We cannot greatly reduce working hours and produce enough goods to provide a standard of living equal to that of 1929. The emphasis is still on production—the right kind of production.
-
-

labor at capacity it could reproduce the national income of 1929 together with an additional 15 billion of goods and services.

Visualize this in terms of family income. The use of this extra capacity would permit 15 million families to spend a thousand dollars more than they spent in 1929. Taking only those families with an annual income of \$2,500 or less, it would add \$765 to their income.

One Family's Income

Another slant: We could take every family with an income below \$2,000 and raise it to that figure! Abandoning the implication of wealth redistribution, we could say that the operation of the nation's productive facilities at their practical capacity would add \$125 in terms of shoes, homes, beef, and transportation to every man, woman, and child in the country.

These are juicy statistical tidbits for the social planner, even though he may on reflection realize that the apostles of the New Deal who have paid homage to the ideal of higher living standards are apparently leading the nation away from that goal.

How can more milk for the children of the factory

worker laboring at \$22 a week be reconciled with the curtailment of milk production and retail prices fixed at (for the laborer) prohibitive levels?

How can Tillie, the filing clerk, working at \$14 a week, hope for more rayon stockings when the NRA imposes limits upon the use of equipment, the installation of additional machinery, and, at the time of writing, is actually forcing a 25 percent reduction in operations?

Or of what significance, pray, is the demonstration of enormous idle capacity in our cement mills, quarries, and sawmills when the workers who could combine these into homes combine instead to demand wages which deny such homes to the laborer mentioned above and to Tilly's beau?

Another Job of Debunking

This first volume will prove a serious shock to many of us who have been thinking about the boom era, the depression, and reform in terms of certain hypotheses whose final authority it now appears depends upon repetition. The most popular of these premises is that the country in 1929 and during the years of the '20s was suffering from an embarrassing surplus of unused capacity; that our optimism had led us to expand beyond any visible needs; that this expansion was aggravated by technological changes which multiplied the ability of our plants to turn out goods—that in short we had reached an era of superabundance.

The sober scholars of the Brookings Institution tell us that the evidence fails to support these extreme assumptions. In 1929 our productive plant as a whole was operating at approximately 80 percent of its capacity. This was slightly greater than the rate at which it was utilized during the period 1925-1929.

Reasonably reliable figures are available for ten branches of manufacturing during the two five-year periods, 1901-1905 and 1925-1929. In eight of the ten branches utilization was more complete in the latter period than in the former. Not only was there no undue surplus capacity during the so-called new era, but there is impressive evidence to prove that the margin of unused capacity during the decade after the war did not show any increase.

If you happen to believe, as many do, that our industries under pressure from the investment bankers expanded their capacity in the face of consumer inability to absorb their output, it is a notion which this volume will force you to drop into the nearest waste basket. Over-capacity of moderate proportions is an old story.

Additions to Capacity

This does not imply that precisely such faults are not revealed in certain particular fields. The newsprint industry, for example, shows an enormous addition to capacity after 1926, when the increase in demand had definitely begun to taper off, suggesting "the possibility that the new construction was promotional in character." It is termed "one of the most conspicuous errors in plant development which has occurred in thirty years of manufacturing experience. Similarly excesses were developed in cement, flour milling, and automobiles, although these errors appear less culpable. It is somewhat surprising to find that the utilities, as regards excess capacity, receive a clean score; and that the

railroads during the '20s were guilty of an increase in capacity which the growth of traffic did not justify.

To those who are machine conscious, and feel that invention is the Frankenstein who will eventually destroy civilization by depriving men of an opportunity to labor, "America's Capacity to Produce" should be a comfort. The study repeats what economists have always known—that invention increases the opportunities for work. It is only necessary to cite the census statistics on the proportions of those gainfully employed. In 1870, 32.4 percent of the population was occupied; in 1900, 38.3 percent; and in 1930 39.8 percent. Thus jobs in relation to population were increasing rather than decreasing.

The Brookings scholars show that the margin of idle laborers in 1929 was very scant. In fact, if our plant operation were raised from 80 to 95 percent of capacity, it would be necessary to extract at least a half million laborers from agriculture in order to man the machines fully. This assumes a full working week and not the abridged period which passes for a work week under the NRA. With a 30-hour week as suggested by Miss Frances Perkins, and as contained in the defeated Connery bill, it would be impossible to restore to the American nation that level of material well-being which it enjoyed in 1929. That is a conclusion which NRA enthusiasts and the American Federation of Labor will find most unpalatable.

Elementary, But Don't Forget It

From the point of view of the conservative, the most notable contribution of the first volume is the repeated detailed emphasis upon the most elementary of all economic phenomena—namely, the nature of income. The income of a nation no less than that of a community consists of bread, garments, shelter, transportation. It does not consist of bales of greenbacks or credit created either by the Government or the banks. To obtain the material items of livelihood it is necessary for men to work. There is no New Deal sorcery in dollar devaluation, debt moratoria, the expansion of government credit, which will automatically multiply that stream of goods and services in which material income is defined.

We are still in an economy of scarcity. The faith in an early superabundance of goods remains a chimera, large unused plant capacity in the midst of a depression to the contrary notwithstanding.

The Dilemma of Thrift

To this writer not the least interesting part of this work is the statement of income theory in the foreword of the first volume. The background and the logic of the two schools of thought—one maintaining that thrift is an economic virtue, and the other that our difficulties are due to the flow of a disproportionate part of our income into savings—are described. The following passage from "Business Without a Buyer," by Foster and Catchings, states succinctly the anti-thrift case:

"This, then, is the difficulty: this is the Dilemma of Thrift. Individuals as corporations must save; yet savings tend to thwart the social object of thrift. For the individual as well as for the corporation, a penny saved is a penny earned, but for society, a penny saved is a penny lost if it results in curtailed production. And often it does. For every dollar (*Continued on page 63*)

Recovery Program for a State



DR. ELY, founder of the Institute for Economic Research, formulates herewith a recovery program for a typical American state. Recovery efforts have centered at Washington too largely and too long. Dr. Ely has laid these suggestions before a legislative committee at Madison, Wisconsin, by invitation.

By

RICHARD T. ELY

I WAS ASKED to recommend changes in the Wisconsin real estate tax law that would encourage farming, encourage home-owning, encourage building, stimulate credit for real estate, and solve the problem of tax delinquency. It was nothing less than to suggest a full recovery program for the state. It was indeed, a "large order."

My recommendations were that the state should give up its general property tax; that it should tax land upon its annual use value and not on its estimated selling price; that the tax on land should be based on a percentage of annual use value—say 30 per cent, which would reduce the tax on real estate probably at least one-half.

A concrete illustration: An acquaintance in New York receives \$60,000 in annual rents from apartment houses which he owns. Service—heat, elevators, etc.—costs him \$24,000. The net is then \$36,000. From that, however, a modest depreciation cost must be deducted, say \$5,000, leaving him a net of \$31,000. A 30 per cent tax, on its annual use value, would be \$9,300. He could carry on, keep up his apartment houses, and live.

Fundamentally, there should be no distinction between value as estimated by income appraisal and value as estimated by the assessor's appraisal. Under normal conditions the well informed appraiser will arrive at the same estimate of value following either system.

The tax rate to be applied to real estate should no longer be in the neighborhood of 3 per cent but rather—under an appraisal based on its use value—might range from 20 to 30 per cent.

Suppose Iowa had had the system of taxing and valuing land according to its annual use value, instead of basing taxation upon the selling price. It would never have been possible for land to go up to \$500 an acre, property which was never worth more than \$200. Suppose you should be buying a farm in Iowa, and instead of being told its price was \$500 an acre you were told its price was fifty years purchase—that is to say, fifty times its annual use value. Would it not make you hesitate?

The major problem of the collection of taxes imposed upon real estate at present is found in the staggering amounts of tax delinquencies, which do not exist under other forms of taxation. Failure of the property owner to pay his taxes—the property may be yielding no income—impinges upon the revenue expected by municipal administrations; and this failure by some is registered in an increased burden upon those who do make prompt payments.

If in the past our tax upon real estate had been based in some relation to the property's actual income possibilities, our taxing bodies would have recognized the futility of imposing a tax which was equal to or greater than the net income received from it.

If taxes upon real estate were measured according to its yearly income, then the problem of tax collection would be one of making possible the payment of a year's tax within that year. Payments might coincide with the gradual receipt of income throughout the year, either from the property or through other sources of earnings by home owners.

We should allow the distressed taxpayer more time than one year in which to meet his tax bill. The National Property Owners League, adopting a proposal advanced by Dr. Herbert D. Simpson, suggests that 20 per cent of the total tax bill should be paid upon the date when the tax falls due and that the remainder should be paid over the succeeding four years. Where failure to pay is due to contrariness or negligence, the existing provisions for enforcement probably are not severe enough. But when failure is due to inability, force is no longer an effective agency for tax collection. Municipal administrations should be lenient, but definite in this leniency.

The first step in the reform of taxation is to get away from the general property tax, the present system of ad valorem taxation on property for revenue. In this there is general agreement by all authorities. Dr. Seligman, for example, has said that "the general property tax is so flagrantly inequitable that its retention can be explained only through ignorance or inertia."

Along with this change in the taxation of land other things must happen to make reform possible. One thing is to put the real estate business on a high professional plane. In England a real estate agent must take a course of study which would mean as much as an A. B. degree at an American college. There is no business which, if done properly, requires more knowledge than that of real estate—its movements and trends, its financing. What is also required is the coöperation of the state with the men engaged in real estate, to enforce the highest standards.

BUT WHERE IS OUR revenue to come from? Naturally if we reduce the taxation of land to the extent recommended it will be possible to increase the revenues from the income tax. If a man is not in danger of losing his home and occupation by excessive taxation on land, he should be glad to pay a pretty heavy tax on his income. (Continued on page 62)

FERMENT in Cloistered Halls



BETWEEN classes at the University of Illinois.

Ewing Galloway

By
JO CHAMBERLIN

★ OUR COLLEGES and universities are changing so rapidly these days that old alma mater's sons and daughters will scarcely recognize her five years hence. New and progressive ideas are being tried out despite drastically reduced budgets. The promise is that out of the present experimentation will emerge startlingly new and better colleges and universities.

WILLIAM ALLEN WHITE recently told the graduating class at the University of Kansas that his generation had "dumped at the portals of your life one of the most elaborate scrapheaps the history of civilization has recorded."

No doubt many of the young cynics in caps and gowns who heard him thought he was putting it mildly, for underneath their academic robes, their knees were knocking. Endless job hunting, letter writing, interviewing and whatnot lay ahead of them. The eminent editor of the *Emporia Gazette* did not need to tell them what they already knew, that a college education did not mean a good job with what used to be called a future. They knew they would be lucky if they could grab apprentice jobs away from other less pugnacious graduates. Whereas the college senior in boom times estimated that he would earn five thousand dollars a year, five years after graduation, the college senior of 1934 figures that if he gets half that in the year 1939 he will be doing extremely well.

The recent alumnus applies to himself the familiar figure of breadlines knee deep in wheat. Willing to work, and with work crying out to be done, he nevertheless must search endlessly for the opportunity to put his training to account. Even a partial recovery of the country's business activity has not altered the bewilderment which has caused these young men and women to throw bricks at alma mater. How far, they ask, can the college be held responsible for their plight?

When they go back for reunions they are the most outspoken critics. Colleges have never been immune from the criticism of so-called practical men but today, more than ever before, the graduates are questioning the whole set-up and character of the liberal arts colleges, the graduate and professional schools. The graduates who used to wear trick hats in alumni parades are no longer content to swap anecdotes with classmates, wax sentimental, and gradually fall beneath reunion tables. Over fifty colleges and universities now have alumni councils and round table discussions

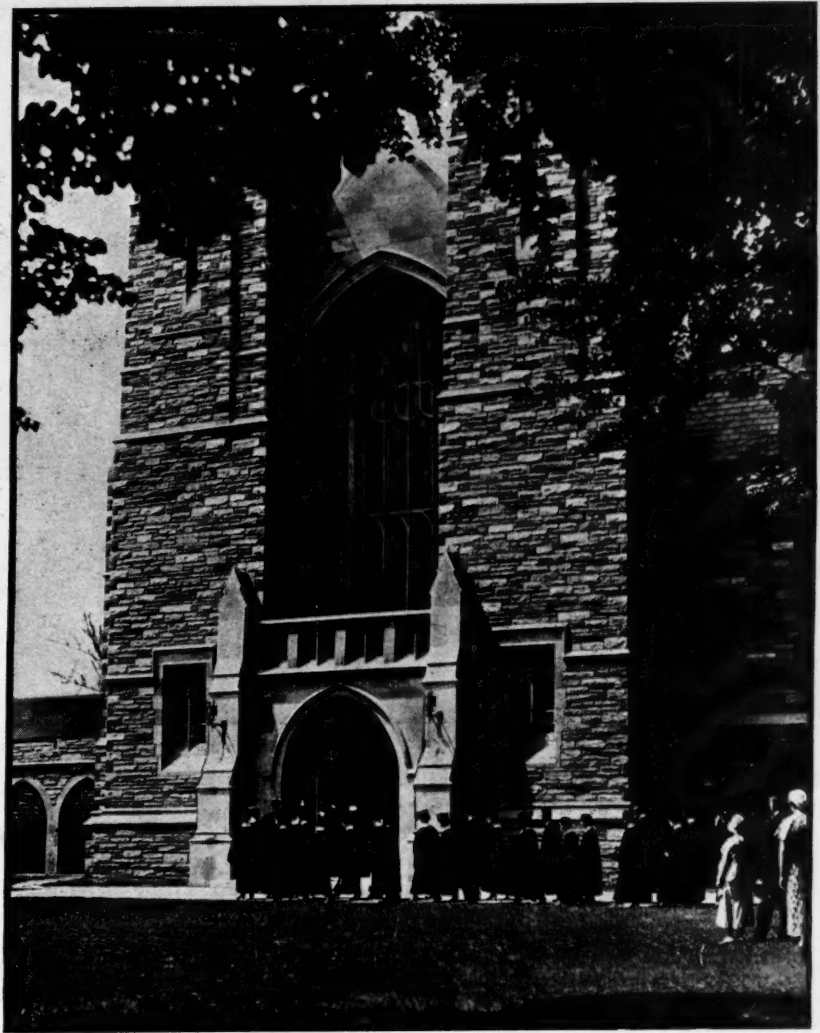
OVER a hundred thousand young men and women were graduated during the past year. They ask: Will the commencement lines lead on to breadlines? AT THE RIGHT: a group of Swarthmore College seniors entering the Isaac Clothier Memorial auditorium.

at commencement time where matters of general interest are thrashed out. But most of all, in these discussions, do the thoughts of graduates turn inward, to their own university and its effect upon themselves. They want the men now entering college to be better prepared than they were to battle the world outside the classroom. If the graduate five years out is wearing the same suit he wore at commencement, he is not thinking the same thoughts.

The undergraduate has changed, too, during depression. He has become critical. The accusations that the colleges were country clubs, mere places to make good contacts, that the undergraduates were but adolescents with dollars in their pockets and nothing in their heads—all these statements seem dim now. The student still has his fun, but observation convinces the writer that the undergraduate today is more serious than in the writer's own generation, the middle twenties. The time is long gone when it was an accepted truism among young men on the make that a college degree was the first step toward a vice presidency in the firm and ten thousand a year. Those who are in college today know more what they are about. They want to know what they are getting for their hard-earned money.

Including junior colleges and normal schools, for which no exact figures are available, there are about a million young Americans attending institutions of higher learning today. The tabulations of Dr. Raymond Walters, president of the University of Cincinnati, showed a decline during the past academic year of about 5 per cent in the regular sessions of our colleges and universities. This 5 per cent drop came on the heels of another 5 per cent drop the year before. While business recovery may reverse the trend, it would appear probable that a limited number of persons will attend the colleges and universities for some time to come. And it is not hard times merely, but the feeling that time might be more profitably spent in other training which is motivating the young men and women now turning their backs upon the professors. The latter do not weep.

The undergraduates are alert to changed economic conditions. The scarcity of jobs in certain professions



H. Armstrong Roberts

is shown today in the fewer students preparing for them. The enrolments for journalism, architecture, engineering, music and pharmacy, according to Dr. Walters' figures, are lower. The graduate schools of universities under public control, which prepare for teaching, showed a 13 per cent drop, and university schools of education and teachers colleges, performing the same function, fell off 12 per cent. For every ten engineering students enrolled the previous year, in November, 1933, there were nine. The number of embryo journalists has dropped considerably. Perhaps the prospective reporters tried to see a few city editors about jobs! On the other hand, the enrolments in law, medicine, and dentistry were slightly up. The floundering of recent graduates have not been observed by their undergraduate friends without profit.

New Ideas in Academic Halls

The colleges and universities themselves have not been asleep. At no time have teachers merited less the accusation, which must have been new when Socrates was young, that they were too remote from the marketplace. True, there has been a great wave of neo-Gothic construction among the colleges with cloisters, gateways and buttresses galore, but inside them are up-to-



COLLEGE students are active participants today in social and political causes. Above: Vassar College girls hold an anti-war meeting in Poughkeepsie, New York.

date laboratories and all the other paraphernalia indicative of progress.

Changes are occurring on a number of fronts. In the first place, the colleges, like all the rest of us, don't have the money they used to have. As one able president expressed it, the colleges will have to expect fewer gifts from wealthy patrons for some years to come. They must balance budgets on the basis of current income. And this current income, even though the stocks and bonds of endowments have stopped diving for a while, is small. Some administrators say they can't find it even with microscopes.

A recent survey of nearly three hundred colleges by the Federal Office of Education shows that but a handful of this number have avoided accepting notes from the students in lieu of the tuition cash which is usually a college income mainstay. Almost half of the denominational colleges and a substantial proportion of the private colleges surveyed were in arrears on salaries, despite drastic slashes in incomes which never have been high. The professors, apparently, are supposed to substitute spiritual bliss for the cash. Now, those left on the payroll are seeing their slight incomes halved and quartered.

But despite the storm and stress which has dictated the abandonment of much necessary research work, there probably was never a time when more constructive thinking was being done over the proper function, scope and purpose of higher education.

Retrenchment is not necessarily synonymous with retrogression. Consolidation of courses and other administrative revamping need not overwhelm the forces of constructive thought. President Robert Maynard Hutchins of the University of Chicago has pointed out, for example, that if the universities abandoned some of their elaborate systems of supervision, little would be

lost. He says, "Whatever may be the responsibilities of a college, a university is not a custodial establishment, or a church, or a body-building institute. If it were free to stop behaving as though it were, it could effect substantial savings."

The fact is that our colleges and universities today are changing so rapidly that the new order will bear about as much resemblance to the old as this year's automobiles do to the gasoline buggies of 1924.

In the first place the conventional four-year course for the Bachelor of Arts degree is steadily losing out. The four-year period is simply a holdover from medieval days anyway and has little justification today. Daniel Coit Gilman, first president of Johns Hopkins, announced over sixty years ago that three years would be the normal time required to secure the B.A. degree at his new university. He said, "I would make attainments rather than time the condition of promotion." There is no reason in the world why a student capable of doing the work in three years should put in four—except

custom and tradition. Economic pressure is now bringing about a more common sense attitude toward the time element.

The general public is also coming to realize what educators knew long ago, that the last two years of high school and the first two years of college might well be considered as a four year unit. After four years in this junior college the average student would be free to pursue other training elsewhere, say for business. He would have a foundation in the arts and sciences and he could then attend other institutions where training in advertising, accounting, marketing, or subjects of similar nature could be carried on more intensively and effectively.

Rising Above the Ranks

If intellectually fitted for it, he could go on to "senior college" where he would study on his own initiative. This would be the university, doing essentially what the graduate and professional schools do today. There the competent student would be among a mature group of fellow workers and teachers. He would not have to "do time" as he does now, before going into graduate or professional work. Further, the more eminent teachers would be freed from prodding freshmen and sophomores over elementary hurdles.

This junior college work can be carried on in separate institutions or as part of the regular college or university. The number of separate junior colleges appears to be growing steadily. Students can often save money by living at home.

Another evidence of this division of the traditional four years is to be found in the establishment of "junior colleges" within the universities. In the University of Chicago the first two years are a unit, given over to the task of presenting the student with a knowledge



© Dr. Erich Salomon

IN HARVARD Law School study is serious business. Although enrolments in engineering, teaching, journalism and architecture have fallen off, enrolments in law, medicine and dentistry are slightly up.

of various fields so that he can select his major subject later on with confidence and a genuine interest in it. This ground laid, he is adequately equipped to go on to "senior college."

Experimentation in methods of teaching promises much. There is scarcely a college or university today that is not trying out some wrinkle, or an old idea in a new way. These experiments are not simply confined to external mechanics. The old notion of an ideal college as being a student on one end of a log and Mark Hopkins, famous Williams College president, on the other, is the basis of much that is going on today. Wherever humanly possible, there is an effort to keep down the number of students per teacher. The emphasis is increasingly upon custom tailored education, on learning through tutorial, preceptorial or seminar methods

A college degree having ceased to mean anything *per se*, as a result of overproduction, individual work has become the only criterion of judgment. Recent surveys show vast differences in the quality and quantity of work done for the B.A. or B.S. degree in different colleges and universities despite standardization efforts.

In the English universities a student can do "honors" work in which he enters upon stiff competition, or he can do "pass" work in which he follows a cer-

tain general routine but studies essentially on his own. This frank recognition of purpose saves time and trouble. A large number of American colleges and universities now have special honors work of different types, varying from the system at Smith College in which a comparatively limited number of top-ranking

women take part, to Swarthmore College in which a large part of the student body is enrolled. The aim is the same: to give the superior student a chance to progress as fast as he can, essentially under his own steam.

In most cases the first or second year collegian pursues more or less set courses, designed to acquaint him with a variety of subjects. During the third and fourth years the special honors student is freed from compulsory attendance at lectures; he confers with his professor each week; and very probably sits in on discussion groups with a half dozen associates of similar interests. At regular intervals his progress is noted. Meanwhile the student is preparing a long paper or thesis which will embody his conclusions on some particular topic in his field of study. Furthermore, at the end of the senior year he must pass a comprehensive examination. For this he cannot "cram."

A comprehensive examination is one which endeavors not only to determine the student's factual knowledge, but also to

Our Largest Universities

COMPILED BY DR. RAYMOND WALTERS
AS OF NOVEMBER 1, 1933

University	Full time students	Rank	All resident students	Rank
California	18,337	1	21,019	4
Columbia	13,322	2	24,357	2
New York U.....	12,982	3	25,113	1
Minnesota	11,292	4	14,970	5
Illinois	9,996	5	11,523	7
Ohio State.....	9,335	6	11,564	6
Michigan	8,261	7	10,113	13
Harvard	7,911	8	9,444	16
College of the City of N. Y.....	7,772	9	22,986	3
Wisconsin	7,375	10	9,608	15
Pennsylvania	6,402	11	11,170	10
U. of Washington .	6,398	12	8,782	19
Texas	5,955	13	7,960	21
Pittsburgh	5,792	14	9,653	14
Cornell	5,671	15	7,136	23
St. Johns.....	5,587	16	7,036	24
Northwestern	5,548	17	11,517	8
Hunter College.....	5,470	18	10,304	12
Temple	5,459	19	8,529	20
Chicago	5,414	20	11,387	9
Boston U.	5,155	21	8,950	18
Yale	4,881	22	5,183	28
Syracuse	4,709	23	6,502	26
Oklahoma	4,706	24	6,043	27
Penn State	4,609	25	6,900	25
S. California	3,794	26	10,639	11
Cincinnati	3,698	27	9,372	17

test his ability to organize his thinking, bring related facts together, explain the significance of his knowledge. He must be able to talk and write well upon his subject. His examiners may or may not be his own teachers; often they are outsiders.

During the past academic year some seventy-five colleges gave comprehensive examinations to all students as a basis for conferring the B.A. degree. Another seventy-five required that students doing honors work take them. Harvard, Princeton, Dartmouth, Bowdoin, Lehigh, Antioch, Wesleyan, Mount Holyoke, and Wells are but a few of the institutions giving six hours or more of written or oral examinations. Of course, a tradition will have to be built up in the American student mind as to the value of a "first" or "second" honors, just as was necessary in England. This is not difficult; even the varsity letters for athletic ability had to have a "build-up."

Revamping the Curricula

Old methods are going by the boards. Albion, a small college in Michigan, has announced that classes will be done away with during the coming year. Personal conferences, seminars, and occasional lectures will replace them and the student will be largely on his own responsibility. Colgate, with the aid of the Carnegie Corporation, is embarking on a new set-up in which a preceptorial plan will replace the conventional classroom-and-credit system. Survey courses will attempt to correlate the various subjects.

Antioch College set the educational world by the ears when it announced alternate periods of "practical" and academic work. Now this is combined with comprehensive examinations and honors work. Rollins College in Florida has long since departed from the numerical grading system and puts 100 per cent emphasis on individual work. The students thrive on responsibility. There are but few classes for juniors and seniors; most work is done in personal conference, in the library or laboratory, or in small discussion groups. The student gains as much from planning, investigating, and organizing his thoughts as he does from mastery of the material. While the student selects a major field of interest and receives friendly guidance in it, he charts and sails his own course.

No More Blocks of Knowledge

The same aim is avowed by Bennington College in Vermont which avoids as poison "external disciplines, such as compulsory class attendance, competitive and publicly awarded grades and prizes, periodic written examinations on formalized blocks of knowledge, and numerical accumulation of credits to earn degrees. . . ." Union College has divided its courses and faculty into four general divisions: languages and literature, social studies, mathematics and science, and engineering, with each division, rather than individual departments or the general faculty, responsible for its own curricula.

The University of Chicago has embarked on sweeping administrative and curricular changes, including the establishment of a junior college, "to protect the superior student against unreasonable lock-step, perfunctory and time-serving requirements."

A few institutions have been able to improve the

housing facilities of their students despite the times. Last autumn wealthy Yale inaugurated her new College Plan. Seven colleges were formed within the university. They are primarily residential and contain representatives from the former divisions of Yale College, and Sheffield Scientific School, the school of engineering. At the head of each college is a resident master and ten fellows of the teaching staff. The experiment, in the words of President James Rowland Angell, is "broadly educational" in character, with the definite purpose of stimulating scholarship through association with others. The plan is not without its critics, who think that the money might better have been given to pay able teachers better salaries than to be put in buildings and equipment. The question is: Will the house plan at Yale stimulate effort of an intellectual character or merely provide more congenial quarters for the undergraduates? One year's operation of the plan can hardly answer this question.

In 1924 Dr. Raymond M. Hughes, then president of Miami University, suggested that Miami be broken up into such units as exist at Harvard or Yale, but with separate faculties and equipment. For lack of the large funds involved in such sweeping changes, the plan languished. Miami had no Mr. Harkness.

Custom Tailored Training

To describe all the worthwhile experiments being carried on today would require many pages, and small type at that. Certain trends, however, can be noted. The purposes of people going to college today are more clearly defined. More young persons, realizing that the conventional college course has little to offer them in a strictly "practical" sense, are turning to other institutions for training in the business of earning a living. The function of higher learning is being simplified, and the burdens which have been dumped on academic shoulders by the public are being transferred to other agencies which can carry them more effectively. It is to be hoped that many institutions can thereby restore to their degrees the meaning they had fifty years ago—scholarly accomplishment. Perhaps a code is needed for the colleges, to curb overproduction by the "diploma mills", and to reestablish "standards of fair competition."

Most experimentation tends toward a higher selectivity, toward giving the able student a chance to get out of the ranks. This trend is evident in all phases of college education. The development of superior students should gradually bring pressure to bear on the laggards, though it would be foolish to hope that dull students can ever be turned into wise ones.

There are constantly occurring, as well, notable improvements in pre-school, primary, and secondary education which affect the work of the college and the university. All, obviously, must be a part of a comprehensive, coordinated whole. If the training of children can be accomplished in shorter time or made more complete, there is no reason in the world why the whole system should not be advanced accordingly. Youth need not be a barrier to higher education, of course, if the student is advanced socially as well as intellectually. Most educators today are inclined to agree in educational principle, if not in specific application, with Dr. Samuel Johnson, who once said, "Much may be made of a Scotchman, if he be caught young."

• • highlights in American satire • •



By Talburt, in the New York World-Telegram

MAKING IT HARD FOR HIMSELF!

Excessive liquor tariffs and taxes are defeating the primary aim of raising large government revenues. The bootlegger is staging a comeback.



By Carlisle, in the Des Moines Register

THE PEOPLE'S FRIEND

Double jeopardy describes the new situation in which American business finds itself today.



By Homan, in the Los Angeles News

A TEST FOR THE RINGMASTER, TOO



By Elderman, in the Washington Post

WHAT DO YOU MEAN—RECOVERY?



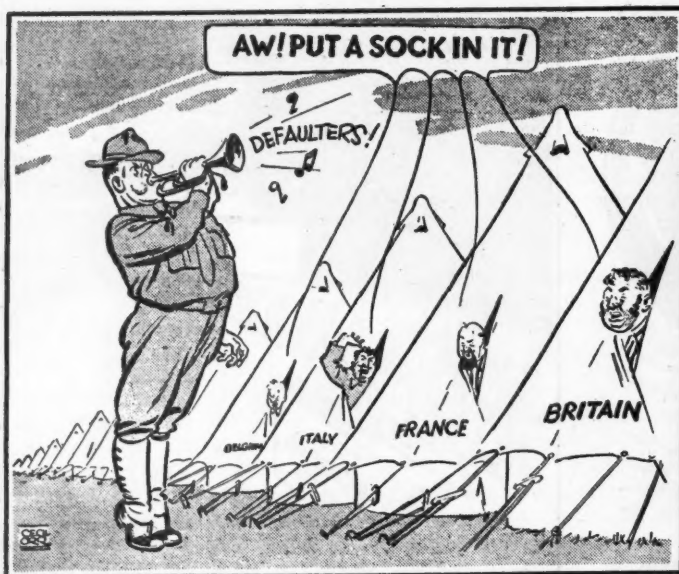
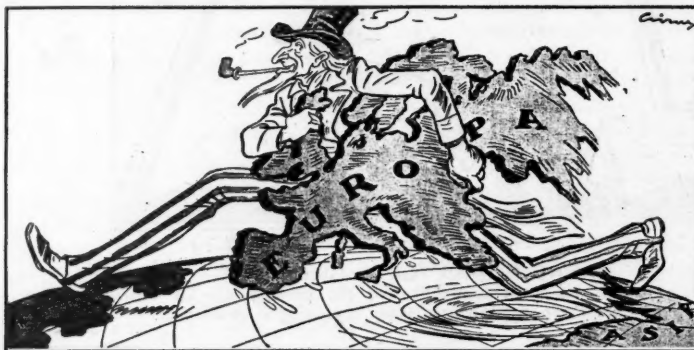
From *Simplicissimus* (Munich)
THE YELLOW PERIL: "Don't be frightened, Mrs. Europe. I have only come to thank you for an excellent education."



From *Simplicissimus* (Munich)
WAR VS. PEACE. The 79th round is beginning at Geneva. Both combatants are in good form. Another decision of "Indecisive" is likely.

UNCLE SAM TAKES PAYMENT IN KIND

From *Guerin Meschino*,
 (Milan, Italy)



From the *Glasgow* (Scotland) *Record*
MUTINY IN CAMP WHEN AMERICA SOUNDS THE CALL
 An expression of foreign sentiment on the war debts.



From *Izvestia* (Moscow)
ENGLISH ARMAMENT MANUFACTURERS: "Don't forget, Mr. Nazi, that we sell only for pacific purposes."

REVIEW OF REVIEWS and WORLD'S WORK

Over-Confident Labor Leaders

By ALBERT SHAW

"Labor" Ruled Our Happy Land In War Time

THE AMERICAN FEDERATION was at low ebb following the dynamiting exploits of some of its most energetic members at about the time when we were propagandized into our decision to enter the great European war. Mr. Gompers took the Federation to Washington, and it doubled or tripled its membership in a comparatively short time under war-time opportunities. Wages were almost or quite quadrupled in some trades, before the cost of living had advanced—all with the cheerful acquiescence of the Government. Contractors did not resent the high wages, because the Government operated largely on the so-called "cost-plus" plan. The price of materials was regulated by the War Industries Board; but the principal costs of the war were involved in the wage-levels. These were regulated upwards, with great rapidity, while minimum efforts in the ship-building yards and elsewhere were exacted from all workers by the domineering agents of union labor.

The cost of the war was doubled, because the war workers at home were receiving something like eight or ten times as much pay as the fighting men in France. Under the selective draft law, it was supposed that we were to have a work army, as well as a fighting army. But labor politics headed off this menace; and racketeering and profiteering were glorified as never before in human history.

By degrees, the war being ended and business conditions fluctuating in short cycles, the labor dynasty began to lose something of its prestige and its power. Millions of men resumed personal freedom, and ceased to pay union dues. Most working men are aware that the labor leaders are tyrants, and that their best friends are their own employers. Standards of living, in a country like ours, are a matter of slow but steady progress, as prosperity becomes a diffused fact. Strikes and trade-union methods may have helped certain groups at definite moments. But labor leaders have sought to perpetuate class distinctions for their own benefit, and have had little or nothing to do with that broad humanitarianism that has applied public-health rules to conditions of employment. Advanced standards of living are the creation of our modern industrial progress. Organized labor has simply absorbed benefits.

As regards the earlier trade unions, they are craft brotherhoods that have survived, though no longer necessary in the broad social sense. In the building trades they have been detrimental to everybody concerned. The newer unions are mostly helter-skelter affairs, promoted entirely by paid organizers, whose object is to collect dues, and whose methods are perfectly well known. The individual workman, or his family, is terrorized if he is so stupid or so stubborn as to refuse the opportunity to join the union along with his fellow workers.

Unionism Again In the Saddle At Washington

SEVERAL MILLION men, according to uncontradicted statements, have been induced by these organizers to join the unions and pay their substantial dues within the past year and a half. This puts an immense sum of ready money at the command of labor leaders. There is no harm in all this movement, provided the facts are clearly stated and the public is not mystified. There is no remedy for over-zeal on the part of labor organizers except that of clear, uncontrolled publicity. If you happen to know your member of Congress, and if he has confidence in your discretion, let him tell you about the extent to which his vote on many questions is under the strict supervision of the labor lobby at Washington.

Have these gentleman of the lobby the right to ask your Congressmen to vote for or against a certain bill? Most assuredly they have this right. Every citizen is protected by what is known as the right of petition. You favor one measure, and you dislike another. You are for or against inflation. You are for or against the payment of veterans' bonus with printing-press money. You have a perfect right to ask Congress as a whole, or individual members, to entertain your views. Lobbying of this kind cannot be suppressed.

But there is a kind of lobbying that carries a menace with it, and partakes of the nature of conspiracy. Even this kind of lobbying (which involves no money bribes) is not to be suppressed by laws. It is only business men who are supposed to be engaged in conspiracies in restraint of trade that are malign and criminal. Labor unions and farm organizations do not enter into conspiracies that are illegal, for the simple reason that they are supposed to control many votes,

and to have wide political influence.

At the present time the labor hierarchy is somewhat dangerously intoxicated with a sense of its own power. It finds its employed attorneys and experienced agents in the high seats of government at Washington. When "impartial" labor boards are set up to pass upon particular issues between employers and certain new strike groups formed by agitators, it is a rather extraordinary circumstance that these labor leaders themselves, whose agents had created the dispute, are named as members of the fair-minded tribunals to deal with such disturbances, in one industry or another.

The Secretary of Labor had occupied an important position as a Commissioner in the state of New York, serving under Governor Roosevelt. The average feminine mechanism as regards sheer physical strength, is not equal to the masculine. But in will-power and in the moral courage that endures, there is ample experience to show that women can often meet emergencies and endure trials with greater fortitude than men. Miss Perkins has profound sympathy for women and children who need protection. She stands for social progress and human welfare. But it is by no means to be assumed that she is a weak tool in the hands of labor leaders, whether of the smooth-speaking variety or the rough-neck kind. Certainly, nobody supposes for a moment that Miss Perkins could be unduly influenced by so-called steel magnates, or any other group having to do with the employment of workers.

Will the Public Submit to Labor Banditry?

A FEW WORDS about collective bargaining were inserted in the National Recovery Act, while on its passage, with no particular knowledge of the circumstances on the part of the general public. But upon these words, according to the loudest speakers in America, "hang all the law and the prophets". Obviously, it takes two to make a bargain whether one is buying a Friday fish at the meat market or is seeking the services of a house-painter. The so-called "right" of collective bargaining is merely a phrase. Long ago, classes of employees in many large industries formed associations which proved useful in the discussion of wages and conditions. But at Washington the endeavor has been made to outlaw all such groups, unless they were sanctioned

by the American Federation of Labor. It will always be true—so long as there are people who choose to work for wages and salaries rather than to be their own employers—that it takes two to make a bargain. Rights will be balanced on both sides. Workmen may strike if they so desire; but also employers may shut down their shops if they cannot run them to advantage.

In some very large industrial situations, labor agitation has been menacing the progress of recovery, and is thus injuring the entire country. Miss Perkins is authorized by the President, under an emergency arrangement hastily enacted by Congress before adjournment, to serve as the controlling mind and spirit in certain areas of discord. The Government, which has leaned very heavily toward the labor side, makes proposals that the employers are willing to accept. The labor leaders have become so arrogant that they will countenance no form of relationship between labor and capital except that which is of their own dictation. We are inclined to think that their self-confidence has blinded them to the rising forces of public opinion, that will not permit them to tyrannize over our economic life and to retard the return of business activity.

They are fomenting strikes which have no basis except that of terrorism and violence. They are denouncing police and militia, although everyone knows that the policemen and the National Guard are only called out in order to quell riots, prevent destruction of property, and protect individuals in the right to walk through the streets without molestation. In view of the low state of business activity, wages today are relatively high, and hours are short. The chief object of organized labor at the present time is to force the tyranny of the closed shop upon industries that have hitherto been free, and that have rights to defend.

This aggressive war, levied against wage-earners even more than against employers, is too high-handed and too much like Manchurian banditry to find the American people resistless and submissive. Federated unionism is, after all, a very long ways from popular control in our country of one hundred and thirty millions. A large majority of employees prefer to deal with their own employers. If workers wish to be "collective," employers are not likely to oppose the idea of conferring with representatives of their own employees. But if they do not wish to be "collective," why should belligerent organizers from the outside, or amateur New Dealers at Washington, try to force them into forming local unions?

It is reported that mid-summer finds us with ten million former wage-earners still seeking employment. Under the codes of NRA and under the general pressure of the New Deal, the wages of those retaining their jobs have been kept above specified minimum levels, and in many cases they have been arbitrarily ad-

vanced. In few large industries are the share-holders receiving any dividends whatsoever.

Under these circumstances, where the Government itself has assumed the duty of protecting the job holders in their wages and their hours, why should pestiferous strikes that disturb the peace and order of great communities be viewed with indulgence, and treated as if there was some legal or moral necessity that impelled these outbreaks of passion and violence? In situations far remote from Washington, such as the protracted longshoreman's strikes at San Francisco and elsewhere, it would seem altogether proper that the cities and states should be left free from federal interference.

Washington Itself To Blame

FULL JUSTICE must be done to such efforts as the Government has made to avert proposed strikes in the automobile and steel industries. Nevertheless, the chief danger had been due to policies unwisely adopted at Washington—policies that created in the minds of labor leaders the unwarranted belief that they could force the closed shop in every direction. The lion and the lamb were to lie down together, the lion being the American Federation of Labor and the lamb being those industries that were not organized on the pattern prescribed at labor head-

quarters in Washington. The reaction has already set in. The country had conferred emergency powers upon the White House but had not intended to have those powers transferred to labor headquarters. Lobbies may seem to hold the power behind the throne, but only until the foggy atmosphere is cleared by the sunshine of publicity.

Speculative abuses in the stock market have been corrected chiefly by force of public opinion. President Roosevelt has appointed a new board under the act for the control of Wall Street and other exchanges. It remains to be seen whether or not this law is well advised, and whether its administrators are as capable as they are sincere. In any case, the necessary correctives have been applied, and genuine investors will be protected. The Senate has been greatly disturbed about Wall Street, but it is not likely to investigate the receipts and disbursements of the labor trust. We do not for a moment think that any such investigation is needed. Free and open discussion will restore the balance. Labor will have no trouble in asserting itself when it has grievances; and capital on its part will not be unduly coerced. Wholly false emphasis has been placed upon a phrase of ambiguous character smuggled into the Industrial Recovery Act. But that phrase will not be allowed to upset our economic system.

Genuine Reforms Are In Sight

Prospects, Optimism, Partisan Greed

WE ARE PUBLISHING a brief article by General Dawes on business recovery, as indicated by the rapidity and the volume of what may be called "credit currency". Business people make deposits in banks and pay their bills with checks. It is highly important to study the volume and the velocity of this movement. General Dawes is thoroughly convinced that the United States is moving forward toward sound and normal conditions. He is not afraid of an increase of the public debt by ten or twelve billions. In affairs, public and private, there are few living Americans whose careers could be compared with that of General Dawes for high adventure, great variety, and timely service to his fellow-citizens. Thirty-seven years ago he was Comptroller of the Currency, under President McKinley, at the age of thirty-one. Some men retain youthfulness and vitality quite apart from the number of their birthdays. General Dawes might on many accounts be the best possible candidate for the Republicans in 1936, although he would repudiate the idea with that vigor of expression for which he is famous.

During the second half of the year 1934 the carefully selected projects of the Civil Works Administration, under the direction of Secretary Ickes, will go forward with increased volume of expenditure.

Relief funds will continue to be distributed, with more care (let us hope and pray) to avoid converting able-bodied men into permanent applicants for public bounty. On the one side there is criticism of the Roosevelt administration for its outpouring of benefits in all directions. In other quarters there is grumbling and discontent because the Administration has not boldly inflated the currency, and has not yet transformed the United States into the semblance of "Paradise Regained."

Readers will find Mr. Clapper's article unusually explicit, in its statement of facts regarding the political bearings of administration policies. It is probably true that President Roosevelt has not been giving much thought to mere partisanship in his appointments, or in the regional application of his policies. But the Democratic party is not suffering from the President's neglect. There are others in Washington and in every Congressional district who are giving assiduous thought to the party's welfare.

Critics May Now Attack Bureaucracy

IT WOULD NOT be a good thing for the country if public opinion at this stage in the process of recovery should turn strongly against the President and his policies. On the other hand, it would be unfortunate if critics and opponents of

those policies should be persecuted. We want none of that confusion that results from antagonisms and deadlocks. Criticism should be helpful and constructive. We ought soon to be turning our back upon the spectres of bad times, and upon the vendors of emergency remedies. Already the policies of 1933 are undergoing modification in many directions. But we have formed new relationships between government and business, and some of these will undoubtedly remain.

One thing is certain, namely, the American public will sharply resent the control of communications in the interest of any political party or governmental authority. We shall not allow bureaucrats to interfere with freedom of the press. We shall watch carefully the further performances of the Federal Radio Commission, in its alleged disposition to exercise censorship. Senator Borah has taken the stump to expose the stupidities and the meddlesome futilities of the new bureaucracy at Washington. Whether or not he may overstate his case, it is of the highest importance that his words should reach the public, and should have their fair measure of influence.

To sum it up, we are not headed for Hitlerism in this country. We shall preserve our democratic control and our constitutional liberties by generous coöperation, with the doors wide open for public inspection and fair criticism. Whether the critic be Clarence Darrow, Senator Borah, or the new chairman of the Republican National Committee, there must be full attention to statements that are made in the public interest. Thin-skinned retorts from appointive officials in the emergency services at Washington will not help the Roosevelt administration.

Time Now to Stop Mollycoddling

MEANWHILE, President Roosevelt will have carried messages of good-will, as he has made brief visits at stopping places on his travels. He will have had more chance to think about our situation than at any previous moment since he took office almost a year and a half ago. Recovery is never recognized until some time after its arrival. Its principal ingredient is the prevailing state of mind. General Dawes thinks it began with the bank moratorium in March, 1933. For many of us, what used to be called "flush" times will never come again.

Self-help and solvency can be achieved by millions of our fellow citizens by revived confidence in themselves and their own efforts, rather than by waiting for something to turn up. Perhaps the time has now come to cease holding out our hands for relief, and to fight our own battles. Women, children, old people and invalids must be looked out for now as always, for reasons of personal and social well-being. But if half the men under a certain age line who are looking about for jobs were given six months' notice to get off the relief lists and find

ways to support themselves, they could do it. This would leave a wide margin of fifty per cent who lack resourcefulness, and who would be entitled to some aid on a sliding scale of reduction.

What Theodore Roosevelt scorned as "mollycoddling" will be widespread, and very costly to the Government, until November brings election day. But after three months more, it ought to end.

Let's Have National and State Planning

THIS IS NOT to pour cold water upon planning proposals, whether in theory or in practice. We are enthusiastic for policies that would protect the retreat of surplus population from the crowded centers. There is no virtue in allowing that inevitable retreat to be altogether disorderly and haphazard.

As we have said repeatedly in these pages, the settlement of more than half the area of this country was under governmental auspices, through our land policies and our immigration policies. The story of almost any of our states west of Pennsylvania is one that exhibits the advance of countless thousands of pioneers to orderly settlement on lands provided by the public, under policies of a strictly public character. Almost every country in the world, except ours, has recently been engaged in the re-study of the national domain, for its better utilization.

President Roosevelt and his advisers are doing nothing quixotic or impracticable in preparing to give us a bold plan for some readjustments of population, with marginal farm lands turned back to forest growth, and with other changes based upon expert study by engineers, economists, and competent persons.

The federal government can lead the way; but in all this program of rearrangement there will have to be ample coöperation on the part of states and localities. Professor Richard T. Ely, who took his stand many years ago as our foremost advocate of state surveys for better use of land resources, has recently given advice to the legislature of Wisconsin looking toward new policies that would help to lighten the burden of taxation that now falls so heavily upon real estate.

County Reform In Demand

GOVERNOR LEHMAN last month called the legislature of New York to meet in special session, with a view to the enactment of certain constructive measures affecting the metropolis and also the state at large. The former Governor, Alfred E. Smith, is chairman of the commission that is at work upon the proposed new charter for New York City. Judge Seabury is associated with Governor Smith, and the other members of the commission are competent. One of the difficult problems facing the commission has had to do with the fact that inside of the municipal area there exist five

counties, each with its set of officials. Also, the city is divided into a series of districts known as boroughs, corresponding in general to the area of the counties, but operated as part of the existing municipal system. Outside of the metropolis, throughout the great Empire state, there is a demand for a reorganized system of county and local government. Plans have been made for county consolidation. There is better prospect now of bold reforms of this kind than at any previous time for half a century.

In New York state, Westchester County, extending from the Hudson River to Long Island Sound and lying immediately north of the metropolitan area, has been setting an example that is more than state-wide in its influence. Its new parkways, its recreation areas, and its progressive policies in other respects are now famous throughout the land. We are publishing elsewhere in this number an article entitled "Shade Trees for Cliff Dwellers" that refers incidentally to these Westchester County improvements, and also to corresponding developments in the suburban counties of Long Island. The state of New York is of amazing variety, in its topography and its resources. But it requires a rearrangement of local divisions, with a sharp reduction in the number of counties.

The entire country is becoming awakened to the need for drastic changes in the subdivisions of states, and in the administrative systems of these local areas. It is highly instructive to glance at a good atlas of the United States on a scale large enough to present counties in different colors. In the Western states counties are rectangular, following the so-called Congressional townships of land survey lines. Kentucky, Tennessee, Georgia, Virginia, and the Carolinas, as examples, show the older states with county lines that are quite irregular, fixed in many cases by rivers or other natural features.

New York's Half Year Under Fusion

IN THE EARLY days when roads were so impassable that wheeled vehicles could not be used, men rode to the county seat and hitched their saddle-horses around the court-house square. Conditions have changed completely. Good roads radiate in every direction from county seats, and automobiles are in universal use. Most of the functions of county government could nowadays be carried on with advantage in areas at least four times as large as the present average county. Minor functions could still be retained in local divisions of the large new counties. These enlarged areas, by whatever name they might be called, could utilize the services of expert officials of a high character. They could have their park systems, their special training schools for agriculture and home economics, and their central provision for dependent and delinquent members of the population.

Our forefathers dealt with the problems of their own time. We ought to have energy and intelligence enough to make our political systems suit changes in our modes and conditions of life.

The article in our present number to which we have made allusion relates more particularly to the remarkable changes—all for the better—that are already visible in the great metropolitan area under the direction of Mr. Robert Moses as Park commissioner. Mayor LaGuardia has been notably fortunate in the selection of his department heads and official associates. In half a year the new Mayor has removed the danger of bankruptcy that only last year was seriously menacing the wealthiest city in the world. The exposure of graft and corruption under the fearless investigation directed by Judge Seabury has brought constructive results of a more widespread character than the reformers had expected to achieve in so short a time. The difference between bad city government and good city government has never been more strikingly shown in all our history than in the contrast between New York City under Mayor James J. Walker, and under Mayor Fiorello LaGuardia.

Will the people of New York City continue to prefer the benefits of good government, or will they slump back into a government by Tammany district leaders? We may hope for the best, and nothing more can be said at present. At least Mayor LaGuardia is a man of the people, and he knows remarkably well how to tell his story to the voters. He tells it honestly, impressively, with no abstractions about good government, and no hifalutin' of any sort.

If we mistake not, Cook County, Illinois (which means Chicago), has several hundred local jurisdictions, and scores if not hundreds of police chiefs. Illinois must change its constitution before Chicago can enter upon a thorough-going set of governmental reforms. There is high character in the business and professional leadership of that magnificent city, and we shall expect that the men who have made the Century of Progress Exposition so brilliant a success in its second year will take a fling at the far greater task of reorganizing Chicago in its municipal and political aspects. Almost any one of our half-dozen great American cities is in itself a perpetual exposition, with charm and instruction for visitors by the million. We have to re-settle people in country villages, and on subsistence farms. But we shall not depopulate our great cities. We shall merely bring country and city into mutually improved relationships. Both town and country are needing new vigor and new methods in their political and social systems.

These remarks about local government may well bring us back to earlier paragraphs in our editorial comment this month. As a nation, are we making true progress in our public affairs, or are we deserving of self-reproach as we face

squarely the policies adopted by Congress, and the drifts and tendencies of the federal administration? Are we governed by statesmen, or by selfish groups of lobbyists?

For more than a century we have been able to carry on school systems as parts of the work of our sovereign states. But now the school teachers are demanding a mere bagatelle of five hundred million dollars out of the federal treasury. Are the school teachers themselves, having their own interest partly in mind, the best people to decide upon a proposal of this kind? The response of Congress in every analogous case where large groups make use of lobbying and propaganda has been favorable, almost if not quite without exception.

Railway Pensions— a Flagrant Case

A SERIOUS INSTANCE is found in the recent passage by Congress of the Railway Pension Act. It is stated that Congress gave less than an hour to consideration of this measure, which inflicts an outrageous burden upon the railways of the country, at a time when they are not able to do more than earn their operating expenses. They are obliged to borrow money to meet interest on bonds and other fixed charges. Even if they were prosperous this act would be confiscatory, and wholly unjust. What lies behind so disgraceful and cowardly a performance? The answer seems to be quite simple. Of course the bill was not prepared in Congress, but had its origin wholly outside. Several individuals acting on behalf of an association of railway workers (who are said to have paid a dollar apiece, more or less, to form a promotion and lobby fund) are said to have handed in this measure, and Congress passed it without giving a thought to the question of its fairness or propriety.

Mr. Lawrence refers to this Pension Act as one item in a long list of measures with which the present Congress has been concerned in its recent session. Possibly some reader may think that Mr. Lawrence uses a vitriolic pen. He is, at times, an exponent of what may be called the *fortiter in re* rather than the *suaviter in modo*. That is to say, he is more forcible than smooth. Yet who is there that could stand up with full knowledge and simple honesty and challenge Mr. Lawrence's statements?

Again and again we have explained that Congressmen are not bad men, but that our law-making machinery does not fit the present time. Members of the House of Representatives ought to be chosen for at least six years. The body itself should be smaller, and Congressmen should be men of high training, dealing with public questions on their merits, without undue haste, and free from the kind of lobby pressure that humiliates the individual Congressman while it stampedes the body as a whole.

But can we ever reform the machinery

and make our Congress behave as intelligently and honestly as the British or Canadian House of Commons? Of course we can. Old voters will not help very much, because their minds are in ruts, and they are not given to courageous thinking. But the young voters, to whom we are making appeal from month to month in these pages, will not see any reason whatever to justify the retention of obsolete and harmful machinery, merely because it was invented experimentally by our forefathers more than a hundred years ago.

The New Deal Confronts Its Frankenstein

THE READER of Mr. Lawrence's article must not be confused by his allusions to the fact that only one citizen out of twenty-six is conscious of paying direct taxes for support of the Federal government. The tax burden gets itself distributed, and the twenty-five are not going scot-free. But demagogues are forever trying to "soak the rich," and win votes by exempting the so-called "poor." It would be better if every citizen paid some income tax, even if it were no more than one dollar.

We are merely begging our readers not to take a despondent view of the country after they have read Mr. Lawrence's article. If the railroad men are indignant, we can only say that they ought to be, and that we hope they will show a little more courage and vigor in putting up a fight for their stockholders than they have seemed to show for several years past. We have men of the highest ability and character as presidents and high officers of our railroad companies. But they have at times been worn down by unjust legislation, over-taxation, and exactions on the part of the Interstate Commerce Commission. These things have taken their time and attention to such an extent that they have grown discouraged, and have lost some of the enthusiasm that ought to sustain their endeavors in these times of transition.

The careful reader of Mr. Lawrence's article will discover that he is not criticizing President Roosevelt. He is explaining the rare political skill by virtue of which the President, through compromises, has been saving the country from inflationary chaos and wild extravagance. If we do not wholly agree with Mr. Lawrence's views regarding devaluation of gold, we can thoroughly respect the sturdiness with which he upholds the constitutional principles that relate to the obligation of contracts.

The only way we can make things better is to have our eyes wide open to the need of genuine reform. What Congress needs—and what the President needs especially—is a very strong and very able opposition in Congress, made up of men who are not afraid of lobbies and who will stand up and tell the truth. The best way to support the New Deal is to check the ravages of the Frankenstein that has been getting beyond control.



From Kladderadatsch (Berlin)
LITTLE PHILIPPINE: "Goodbye, Daddy, hope you get over my going. But I may send home my dirty linen to be washed, mayn't I?" (A German view of the Philippine hope that America will defend the independence of the islands against the imperialism of Japan.)



From Krasnaya Zvezda (Moscow)
RUSSIAN amusement over the British National-Week-of-Prayer-for-Disarmament.



From the Glasgow (Scotland) Times
THE ELEPHANT: "Go away! I can't spare you any more." Scotch cynicism at the attempt to place a world-embargo on armaments destined for the warring nations of Bolivia and Paraguay.



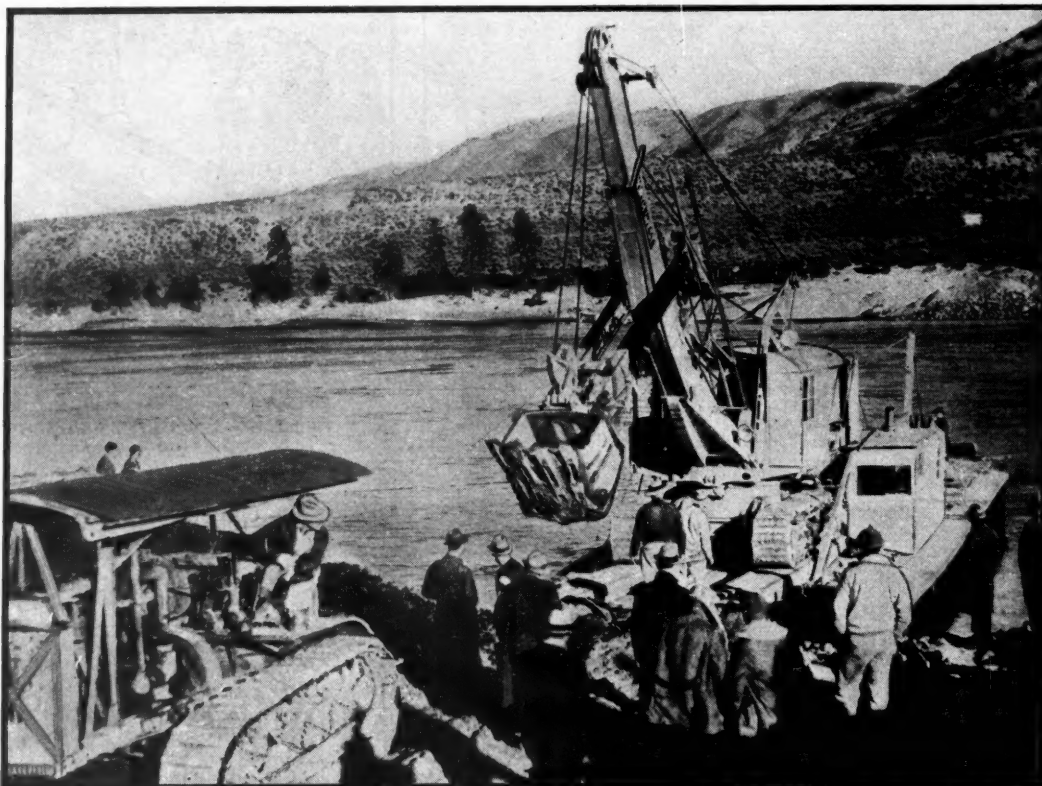
From The New Clarion (London)
"THERE, MARS! Now you look as well as you did in 1914."



From Kladderadatsch (Berlin)
GERMAN SATIRE ON THE NEW RUSSO-FRENCH ENTENTE
 France: "All that you see here, I bring as my dowry."
 Russia: "What I cannot give in wealth, I will make up in prowess."



From Krasnaya Zvezda (Moscow)
PREPARATION for a Naval Conference: Delegates arriving with their portfolios.



GRAND COULEE: Construction is proceeding swiftly on the new government power project on the Columbia River. Above is pictured one of the 58-ton steam shovels now in use.

White Power for the Northwest

THE VISIT OF President Roosevelt, in the early days of August, to Grand Coulee will focus the attention of Americans upon this government project that is now well under way. Preparatory excavation was begun in the fall of 1933, and since then the work has been increasing constantly.

The Columbia River is generally considered to be the greatest power stream in America. It is the second largest river. It is 1,210 miles long and the fall in the United States is 1,284 feet. The source of this river is in the Canadian and American Rockies. An interesting fact is that the river is at its height in mid-summer—when it is most needed—and not, as other rivers, in the early spring. It has long been realized that the land bordering on the Columbia River has great potential fertility, caused by successive layers of lava spread over the land by volcanoes in prehistoric times. This land, if irrigated, would yield in abundance; but so far irrigation has been impossible.

The structure of the land surrounding the Columbia River is unusually inter-

esting. Grand Coulee—a “coulee” is a natural gorge—has been eroded to a depth of 1,000 feet from solid basalt. This erosion extends for fifty miles, and in places the width is as great as four miles. Some 10,000 years ago there were, on the Columbia River, gigantic falls, reputedly three times higher and seven times wider than Niagara. These falls are no more, for the course of the river was changed by a great ice sheet; but the original site of the falls may still be seen.

Due to excessive droughts, the land bordering on the Columbia River is very sparsely populated. A few discouraged farmers attempt to grow alfalfa, corn and wheat, and to raise cattle. Many of the nearby cities, however, are thickly populated, and in some places the percentage of unemployment is exceedingly high. This government project should distribute the population more evenly, and ease the burden of unemployment.

Investigations have been made as to the texture of the soil in this region, and it was found to be extremely fertile. One disadvantage was found. There is

a fair amount of alkali in the top layers of the soil. An efficient method of remedying this has been found, however, and thus another difficulty has been surmounted.

Ninety miles northwest of Spokane, Washington, this gigantic government project is under construction. The Grand Coulee dam will supply cheap power to all those living within a radius of 300 miles. The irrigation and flood canals will make possible the cultivation of well over a million acres of valuable land. It is estimated that the irrigation of this area will eventually bring about an increase of \$1,000,000,000 in taxable property. The fertility of the land and the low cost of power will attract new industries. Plans are already under way for highways approaching the dam and reservoir. A town, Coulee Dam, with a population of approximately 1000, has already grown up. Thus it seems to be an ever growing circle: the building of the dam supplies employment; business establishments spring up to supply the needs of the employees and their families, and more people are attracted.

WHERE IS COULEE?

Washington holds the answer. The large unshaded portion of the map represents the drainage basin of the Columbia River, seat of the Grand Coulee power project.

Courtesy of *Newsweek*

Investigations have been made as to the cost of the power generated by the Grand Coulee Power Plant, and the following conclusions have been reached. The cost of transporting Grand Coulee power to Puget Sound will be less than the cost of generating steam electric power with oil, as has been the previous method. Even the power produced at Niagara Falls will be more expensive than that generated at Grand Coulee. In the investigation conducted by the United States army engineers, it was discovered that by selling the power at 2 mills gross, both the power plant and the dam will be paid for by the end of thirty years at 4 per cent interest.

The building of the dam and power plant will probably require as much as ten years; and approximately ten more years will be needed to absorb the power generated by the Grand Coulee Power Plant. It is not until after these things are accomplished that the irrigation project will occupy its proper share of attention.

Grand Coulee and two low earth dams will cause an artificial lake, approximately $1\frac{1}{2}$ miles wide and 25 miles long, to be formed. This storage water will be used in the reclamation project. The main irrigation canal will be 10 to 15 miles long, and smaller irrigation canals will run east and west from the main branch.

It is estimated that the storage created by Grand Coulee dam and reservoir will double the prime output of every other



dam on the river. This power will be available for all farmers in the region.

Take, for example, the individual case of John Smith. He is attempting, on his farm, to raise alfalfa, corn, potatoes, wheat, and a small amount of fruit. His crops have been severely damaged by droughts since 1917. Undoubtedly his father before him struggled with the same difficulties. This is a problem of vital seriousness to Smith. Crops mean money, and money means food, clothing, and shelter. Five children are now underfed, scantily clothed, and practically

uneducated. The Grand Coulee project will bring about an important change in the life of this family, but even more so in the lives of their children. The irrigation of the land will probably cost about four dollars an acre, but the estimated returns from the irrigated land will be from 2 to $2\frac{1}{2}$ times greater than the usual profit. Crops grown in fertile land can be marketed for a goodly price; and proper food, clothing, and shelter will be at the disposal of Mr. Smith. Thus he will profit materially.

—SALLY LIMERICK.



Columbia Basin Commission

AERIAL VIEW of Grand Coulee dam site on the Columbia River with sketch of the proposed high dam and highway bridge. A federal loan of \$63,000,000 has been appropriated to construct the first unit of the dam. Excavation was begun last year.

• • The March of Events • •

F.D.R. Goes to Sea

A month's vacation cruise to Hawaii is mixed with formal visits to outlying regions which almost never before saw a President of the U. S.

A RADIO talk to the nation, by the President (June 28), reviews the achievements of the Congress session, and asks: "Are you better off than you were last year? Are your debts less burdensome? Is your bank account more secure? Are your working conditions better?"

A VACATION of more than a month begins (July 1) as the President boards the cruiser *Houston* at Annapolis, bound for Hawaii and intermediate points.

HAITI, first stop on the presidential cruise (July 5), is told that American marines will be withdrawn in a month or six weeks. Mr. Roosevelt makes a short address to President Vincent in French.

PUERTO RICO shows itself to President Roosevelt (July 6-7), and he makes a radio speech to the people that is not on the program.

VIRGIN ISLANDERS are addressed by the President (July 8) in a visit ashore which is largely an inspection of social and industrial projects backed by the government at Washington.

COLOMBIA welcomes a President of the United States (July 10) as he lands from the cruiser *Houston*, at Cartagena, for an exchange of greetings with President Enrique Olaya Herrera.

FIRST President to pass through the Panama Canal, Mr. Roosevelt arrives at Balboa (July 11) and receives President Arias of Panama on board the *Houston*.

A DRIVE around the city of Panama with government officials (July 12) completes the first stage of the vacation cruise; and the *Houston* heads for far-off Hawaii.

Congress Adjourns

Under the Lame Duck amendment to the Constitution, there will be no regular session next December.

THE HOUSING bill is passed by the House (June 13), 176 to 19.

A RAILWAY pension act is passed by Senate (June 14) and House (June 15) with little debate and no opposition. It provides for compulsory retirement at 65 with an annuity based upon years of service times 1 to 2 percent of prior monthly compensation. The President signs with faint praise (June 27).

THE OMNIBUS relief and rehabilitation bill is adopted by the Senate (June 15). Half a billion dollars are appropriated for drought relief, and a billion and three quarters for other relief projects. Permission to use various unexpended funds brings the emergency authorizations under this bill to \$3,716,000,000.

THE HOUSING bill passes the Senate, 71 to 12 (June 16) and is signed by the President (June 28). It seeks to stimulate renovating and modernizing campaigns; to provide additional home construction on a broad scale; to provide protection against foreclosure through long-term refinancing of mortgages; and to effect relief for investors in building-and-loan associations. Later (June 30) James A. Moffett, oil executive, is named Housing Administrator.

A TOBACCO-CONTROL bill is passed in the last hours of Congress (June 18), imposing a tax on the sale of leaf tobacco to provide benefits for growers who reduce acreage.

A FARM BANKRUPTCY bill, without Administration support, is approved in its final form by both branches (June 18). It gives a farm debtor five years within which to make small instalment payments on an overdue mortgage, with a final payment in the sixth year. Signed by the President on June 30.

THE SECOND session of the Seventy-third Congress comes to an end (June 18). Although present members were elected to serve until March 4, 1935, the terms of their successors will begin on January 3. It is a short Congress, due to the Twentieth Amendment.

Washington Highlights

Drought . . . the Securities and Exchange Commission . . . an Acting President . . . a new peak in national debt . . . tariff favor for Cuba.

DROUGHT relief by the Farm Administration results in purchases to date (June 26) of 375,000 cattle within three weeks, in Minnesota, Wisconsin, and the Dakotas. Purchases exceed 42 percent of all cattle on farms. The relief campaign is not ended.

THE PERSONNEL of the Securities and Exchange Commission is named by the President (June 30): Joseph P. Kennedy of Boston, George C. Mathews of Wisconsin, James M. Landis of Massachusetts, Robert E. Healy of Vermont, and Ferdinand Pecora of New York. Mathews, Landis, and Healy are shifted from the Federal Trade Commission.

AN INDUSTRIAL Emergency Committee is created by the President, under NRA powers (June 30), and as its director he

appoints Donald R. Richberg. Other members are the Secretary of the Interior, the Secretary of Labor, the Administrator of Federal Emergency Relief. Richberg is called "Acting President" by some.

THE TREASURY reports a deficit of 3989 million dollars for the fiscal year just ended (July 1). The public debt is 27,053 million, exceeding the war peak.

ANNOUNCEMENT is made at the State Department (July 3) of intention to negotiate a reciprocal tariff agreement with Cuba. "Information and views," in writing, are invited. This is the first trial of the President's tariff powers delegated to him by Congress.

NRA Enters Its Second Year

Administrator Johnson goes West, to sell things to the farmer, and makes decisions freely.

THE HARRIMAN Hosiery Mills, leading industry of Harriman, Tennessee, closes down (June 25) charging the Administrator of the National Recovery Administration with seeking to wreck the concern "through boycotting and every other means" at his disposal. The mill lost its Blue Eagle in April for alleged violation of the hosiery code. It employs 653 workers.

ADMINISTRATOR Johnson wires the citizens of Harriman, Tennessee (June 30), that only two points prevent restoration of the Blue Eagle to the Harriman Hosiery Mills—permission for an auditor to check the payroll, and agreement by the company to spread employment.

NATIONAL Recovery Administrator, General Hugh S. Johnson, suggests in a letter to the President (July 10) that present one-man control of NRA be ended and that a commission take his place.

ADMINISTRATOR Johnson makes public a basic code, available for non-code industries (July 11) and orders completion of all code-making in thirty days.

FARMERS in Iowa are told by General Johnson of benefits under NRA, in a speech at Waterloo (July 12), first stop on a western tour. Putting three million city workers back on the payrolls is "something".

CIGARETTE prices are fixed by NRA (July 12) for ninety days, in an effort to prevent price-cutting by large retail outlets which sell cigarettes often without profit in order to attract business.

(Continued on page 58)

Your Dentist's Detective

"It's a good thing we made these X-ray pictures. Here's a small hidden cavity which I could not discover without my X-ray detective."



POSTPONING a visit to your dentist is not postponing trouble. It is bringing it closer. Time and money will be saved by a visit to your dentist every six months. It is impossible to have good health if the teeth, gums and soft tissues of your mouth are not kept in good condition.

If your dentist advises X-ray pictures of your teeth, take his advice. With the X-ray to inform him, he knows the condition of the deeper structures, the roots and the tooth sockets. In many cases early cavities can be found only by X-rays. If you have pyorrhea he may discover it at a stage in which it can be successfully treated.

Because an aching tooth demands prompt attention it is usually far less dangerous to health than the undiscovered trouble-maker. A tooth may seem to be sound and healthy and yet hidden trouble may be brewing. Infection may exist at the root of a guilty tooth long before it is suspected that anything is wrong. Meanwhile, the surround-

ing bony structure is being broken down and destroyed, while infection may be absorbed into the system through the blood stream. Such infection may damage the heart and other vital organs, may cause eye, ear, sinus, nerve, joint or digestive trouble.

When a firmly rooted tooth is to be extracted an X-ray picture may be needed to assist the dentist. Sometimes the roots are hooked or teeth may have failed to come through the gums. In such cases damage to the jaw-bone may result from a "blind" extraction.

If you have sound teeth and gums, then a correct diet, including some hard and "crunchy" food, will help to keep them healthy. Teeth, living parts of the body, are built by food. They need the minerals contained in eggs, milk, vegetables, fruits and cereals.

Send for the Metropolitan's free booklet, "Good Teeth." Address Booklet Dept. 834-V.



METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT

ONE MADISON AVE., NEW YORK, N. Y.

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GENERAL BUSINESS INDICES

FINANCIAL

	JUNE, 1934		MAY, 1934		APRIL, 1934		JUNE, 1933		JUNE, 1932	
	Data	Index	Data	Index	Data	Index	Data	Index	Data	Index
Bond Sales—N. Y. Stock Exch.....	\$267,100,000	89	\$284,700,000	103	\$362,200,000	110	\$411,900,000	137	\$258,400,000	86
Stock Sales—N. Y. Stock Exch. (number of shares).....	16,802,000	17	25,336,000	25	29,847,000	30	125,627,000	128	231,100,000	23
Corp. Div. and Int. Payments.....	Not available		Not available		\$576,940,000	84	\$571,529,000	97	\$685,000,000	116
New Corporate Security Issues.....	\$9,420,000	2	\$28,823,000	4	\$28,240,000	5	\$12,081,000	2	\$29,000,000	5
Money Rates in New York City.....	.94%	20	.96%	21	.98%	21	1.17%	25	1.95%	42
Bank Debits in New York City.....	\$15,388,000,000	49	\$14,653,000,000	*48	\$16,954,000,000	56	\$16,743,000,000	61	\$14,202,000,000	53
Rate of Circulation of Bank Deposits in New York City.....	2.23	44	2.21	44	2.55	51	2.55	50	2.83	55
Index of FINANCIAL ACTIVITY		29.6		32.3		39.5		58.0		44.1

DISTRIBUTION

Magazine Advertising (Agate Lines)	2,513,000	69	2,770,000	69	2,683,000	66	1,746,000	47	1,523,000	58
Newspaper Advertising (Lines)†....	103,646,000	69	112,122,000	68	107,491,000	66	93,168,000	62	100,157,000	67
Foreign Trade	Not available		\$316,000,000	63	\$320,000,000	61	\$242,000,000	56	\$236,000,000	55
Merchandise Carloadings (Weekly Average)	401,000	70	407,000	70	403,000	69	383,000	67	360,000	63
Department Store Sales (Federal Reserve Index)	73	77	*77	*81	77	80	68	79	71	79
Bank Debits Outside N. Y. City.....	\$14,754,000,000	60	\$14,105,000,000	58	\$14,278,000,000	61	\$12,968,000,000	62	\$12,901,000,000	64
Rate of Circulation of Bank Deposits Outside New York City.....	1.45	79	1.46	81	1.43	78	1.46	79	1.12	61
Index of DISTRIBUTION		71.2		*70.8		69.8		69.4		65.0

PRODUCTION

Steel Ingot Production (Capacity)...	52.68%	71	58.06%	74	54.19%	66	45.96%	62	16%	22
Pig Iron Production (Average Daily Tons).....	64,338	72	65,900	71	57,561	60	42,166	47	20,900	24
Domestic Cotton Consumption (Running Bales).....	390,000	84	535,000	106	520,000	99	690,000	148	320,800	69
Total Construction Contracts.....	\$127,100,000	28	\$134,400,000	31	\$131,300,000	31	\$103,255,000	28	\$113,000,000	34
Electric Power Production (Kw. Hours Aver. Daily).....	250,000,000	73	251,000,000	74	253,000,000	76	243,000,000	76	218,300,000	73
U. S. Automobile Production.....	*300,000	78	*331,641	*73	378,983	82	250,000	65	183,100	48
Commodity Carloadings (Average weekly).....	215,000	62	204,000	60	180,000	60	183,000	53	134,000	39
Crude Oil Production (Barrels).....	77,700,000	101	76,880,000	97	72,510,000	97	78,660,000	103	64,840,000	84
Bituminous Coal Production (Tons)...	26,803,000	74	28,317,000	78	24,582,000	71	24,920,000	69	17,700,000	49
Portland Cement Production (Capacity).....	Not available		37.5%	46	29.6%	41	35.2%	42	35.7%	42
Boot and Shoe Production (Pairs)...	Not available		Not available		*33,308,000	*110	34,600,000	120	23,600,000	83
Index of PRODUCTION		61.1		*63.3		64.6		62.3		48.7

INDEX OF GENERAL BUSINESS

.....58.5*60.561.963.553.0

**Estimated

*Revised

†Index revised to include 52 cities

The Pulse of the Business

Continued from page 26

total amount to be paid out in this manner will be about \$102,000,000, although how the Department of Agriculture can arrive at this figure when it does not know how nature will treat next year's crop is not clear.

Pointing with Pride

In the matter of cotton the Department is also doing much "pointing with pride." The acreage is 31.4 percent below the 1933 figure and represents the smallest area of cotton land under cultivation since 1905. The average cotton acreage during the base period 1928-1932 was 41,437,000 so that the cut this year represents a long step toward the goal of 40 per cent curtailment. Total acreage planted to cotton this year is 28,024,000 which compares with a goal of 24,863,000

set by the AAA. The only uncertain factor now is the yield per acre.

Reports are now coming in from the Dominion of Canada showing the progress of recovery across the border. It makes possible a comparison between the United States and Canada which is particularly significant at the present time. Canada has suffered from the depression fully as much as the United States. Nowhere can two great communities be found wherein underlying conditions, human and political factors, justify a general economic comparison as much as these two countries do. In a general way it is not unfair to say that Canada has followed *laissez faire* where America has embraced the theory of experimental economic planning. In view of this contrast in basic governmental

policy, what has been the record of recovery by the two countries?

The two periods are the first six months of 1933 and the same months in 1934. Improvement over last year is shown on a percentage basis and covers general business, wholesale prices, carloadings, exports, imports, newsprint production, cattle slaughtering, motor car production, electric power and steel. General business in Canada shows an improvement over last year of 19 per cent as compared to 16 per cent in this country, wholesale prices the respective figures 10 and 19, carloadings 21 and 21, motor car production 90 and 75, electrical power production 25 and 11, steel 100 and 95.

Darrow Report Bears Fruit

The Darrow report gave aid and comfort to the Federal Trade Commission, a body specifically charged by Congress with the administration of the anti-trust laws. The codes, with their approval of

business coöperation, curtailed production, and price devices, made nullities of the Sherman anti-trust law, the Federal Trade Commission and Clayton acts. The F. T. C. from the start was hostile to these aspects of the NRA. Now that Senator Borah is on the warpath, voicing his strictures to folks who might be influenced thereby to vote against New Deal candidates, the opposition has suddenly become politically vital.

Before leaving on his vacation, the President in an executive order exempted government bids from the price agreements of the codes. On July 9th, the "acting President," Donald Richberg, speaking before the Institute of Public Affairs, defined one major problem of the Government as follows: "... how can we promote the mass production of goods and services with high wages and low prices without fostering monopolies and eliminating small enterprises?"

General Preparing to Retire?

On the following day Johnson called in the scribes and told them that he was writing a letter to the President advising him that the organization stage of the NRA had about ended, that the problem of the future was administrative. In terms of directing personnel this meant the displacement of himself (Johnson) and the substitution of a board. While he would be happy to remain as long as the President wished to use his services, he intimated that a return to private life would be welcomed.

Some critics have jumped to the conclusion that the General has lost ground in the esteem of the President, and that this is a graceful "out." There is no evidence to support this. The facts are that NRA, as Johnson states, has reached the administrative stage; and secondly, that the charge of monopoly and oppression of the little fellow, coming from the opposition, is still such high powered political dynamite that it must be removed at once.

NRA No Longer a Deal

Business is extremely uneasy about this development. Higher wages and shorter hours have caused managements many sleepless hours. The collective bargaining provisions of Section 7A have been a Pandora's box. Industry has consoled itself with the right to co-operate in safe contravention of the anti-trust laws. The signs now indicate that this quid pro quo character of NRA is about to be transformed into a straightforward imposition of onerous conditions upon industry for which there will be no compensations.

There is even doubt whether industries will be permitted to restrict output when the restriction is the result of an open agreement—such as the 25 percent curtailment which the cotton textile mills are now imposing upon themselves. In frank recognition of accomplished defeat the NRA, which had previously been a law unto itself within the broad powers of the National Industrial Recovery Act, has now asked the Federal Trade Commission to rule on

1. Price fixing under the codes.
2. The restriction of industrial expansion under the NRA.

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LIVERPOOL

HAVRE

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Condensed Statement, June 30, 1934

RESOURCES

Cash on Hand, in Federal Reserve Bank, and due from Banks and Bankers	\$ 240,360,145.29
Bullion in Foreign Branches	8,164,481.00
U. S. Government Securities	456,980,759.15
Notes of Reconstruction Finance Corporation	20,000,000.00
Public Securities.	85,337,942.74
Stock of the Federal Reserve Bank	8,400,000.00
Other Securities	21,500,432.57
Loans and Bills Purchased	635,002,053.98
Real Estate Bonds and Mortgages	2,315,818.54
Items in Transit with Foreign Branches	1,862,844.25
Credits Granted on Acceptances	30,526,647.91
Bank Buildings	13,945,482.92
Other Real Estate	97,954.67
Accrued Interest and Accounts Receivable	14,726,879.57
	<u>\$1,539,221,442.59</u>

LIABILITIES

Capital	\$ 90,000,000.00	
Surplus Fund	170,000,000.00	
Undivided Profits	7,466,151.53	\$ 267,466,151.53
Capital Note (Payable on or before July 31, 1934)		20,000,000.00
Accrued Interest, Miscellaneous Accounts Payable, Reserve for Taxes, etc.		17,624,076.98
Acceptances	\$82,446,994.67	
Less: Own Acceptances		
Held for Investment	51,920,346.76	30,526,647.91
Liability as Endorser on Acceptances and Foreign Bills.		129,155.00
Deposits	\$1,183,188,475.86	
Outstanding Checks	20,286,935.31	
		<u>1,203,475,411.17</u>
		<u>\$1,539,221,442.59</u>

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The March of Events

Continued from page 54

Restless Labor

Arbitration committees vie with the National Guard in efforts to restore harmony in widely separated areas.

STEEL labor leaders agree (June 15) to a plea made by William Green, head of the American Federation of Labor, "that the strike order will be held in abeyance while President Roosevelt is asked to appoint an impartial board of three to investigate and arbitrate."

WHEN the Wagner Labor Disputes bill appears unlikely to pass in the closing hours of the session, both branches adopt a resolution (June 16), giving power to the President to appoint boards to investigate labor controversies. An amendment safeguards the right to strike.

FRANCES PERKINS, Secretary of Labor, is given full power by the President (June 19) to represent him—in his absence on a month's visit to Hawaii and the Pacific Coast—in the controversy between steel workers and employers.

THE PRESIDENT, exercising new power (June 26), appoints a board to investigate the prolonged strike of longshoremen in Pacific Coast cities. He names Archbishop Edward J. Hanna and O. K. Cushing, attorney, both of San Francisco, and Edward F. McGrady of N.R.A.

A NATIONAL Steel Relations Labor Board is appointed by the President, under his new Congressional powers (June 28). The members, Walter P. Stacy, Chief Justice of North Carolina; Rear Admiral Henry A. Wiley, U. S. N., retired; and James Mullenbach, clergyman and social worker of Chicago—all experienced in arbitration.

A NATIONAL Labor Relations Board is named by the President (June 30), under the new labor-disputes legislation. Its members are Lloyd Garrison, dean of the University of Wisconsin Law School; Harry A. Millis, of the University of Chicago; and Edwin S. Smith, former Commissioner of Labor and Industries of Massachusetts.

SAN FRANCISCO's waterfront strike, almost two months old, grows more serious as business interests attempt forcibly to open the port. Rioting (July 5) results in 2 deaths, injuries to 115, and the calling out of the National Guard to "take over the waterfront and protect life and property."

THE PRESIDENT's special committee, known as the National Longshoremen's Board, begins hearings at San Francisco (July 9).

A GENERAL strike is called by organized labor in San Francisco (July 14) to take effect July 16. The intervening day is a Sunday. Already there is a food shortage, inducing riots. The President's board announces that the Waterfront

Employers' Union has agreed to accept the board's decision, but that the longshoremen have laid down conditions. Mayor Rossi declares that the unions have no grievances.

Germany's Second Revolution

A financial crisis precedes the bloody purging of revolt among the Leader's own "storm troopers."

GERMANY, facing a financial crisis, announces a six months' moratorium on foreign-debt payments (June 14), including Dawes and Young loans. Identical notes are delivered to eight countries. The equivalent amount in reichsmarks is available; but not gold or credits, because Germany's foreign trade has suffered from boycott resulting from anti-Jewish and anti-labor activities.

BRITAIN informs Germany (June 15) of plans to impound German trade balances—unless a satisfactory agreement is reached by July 1 insuring fair treatment for British bondholders. (On this same day Britain—as well as France, Italy, and twelve other European governments—defaults on its own debt to the United States.)

VICE CHANCELLOR Franz von Papen, only non-Nazi in the German government, declares in an address to Marburg students (June 17), that since open and honorable discussion is not to be found in the German press the statesmen must "name things by their proper names". He criticizes the tendency to label as reactionary every conservative.

SCARCITY of imported raw materials in Germany provokes a mild buyers' panic (June 27) and a campaign for salvage and saving. The scarcity is due to lack of foreign buying power, itself a result of boycott of German goods.

CHANCELLOR HITLER moves to curb the radical wing of his Nazi movement by rejecting (June 27) a demand that he dissolve the conservative Stahlhelm organization of war veterans.

A NOTE from Cordell Hull, Secretary of State of the United States (June 28), replies to Germany's notice of a moratorium. He suggests that the German exchange crisis is in part a result of anxiety abroad aroused by German policy; a result of substantial repurchases of German securities in foreign markets; a result of extensive purchases of materials susceptible of military use.

HITLER moves swiftly to crush a rising revolt among his own leaders (June 30). Captain Ernst Roehm, chief of staff of the Storm Troops, is shot as he refuses to commit suicide, after arrest by the Chancellor himself. General Kurt von Schleicher, former Chancellor, is killed "while resisting arrest"; a half-dozen others, mostly Storm Troop leaders, are shot on the spot without trial.

TEN ADDITIONAL leaders of the Storm Troops are reported executed (July 1), while Vice Chancellor von Papen and

the Kaiser's fourth son, Prince August Wilhelm, are virtual prisoners.

STORM TROOPERS—2½ million in number—are informed by General Goering, Prussian Premier, in the name of "the leader," that any critics of the executions . . . and any attempt at discussion . . . shall be relentlessly punished" (July 1). Storm Troopers are forbidden to assemble, even in civil attire, and whoever shall call them together "will be called to account".

BRITAIN'S THREAT of trade reprisals causes German debt negotiators to sign an agreement (July 4) to pay full interest to British holders of Dawes and Young loan bonds, on which default had been announced.

HITLER'S army of "brown shirts," Storm Troopers, are to be reduced in number from 2,500,000 to less than 800,000—according to plans made public by its new chief, Viktor Lutze (July 9). It will lessen a menace to Hitler himself, allay French fears of militarism, and add to German unemployment.

CHANCELLOR HITLER addresses the Reichstag (July 13), summoned to hear his account of the mutiny—which he first tried to avert by argument in May—and his order to "burn out down to the raw flesh". He places the deaths at seventy-seven.

Politics Back Home

With Congress adjourned, political debate and action find a wider scene. It is a season for state primaries.

MINNESOTA primaries (June 18) assure a three-party election in November. Senator Shipstead and Governor Olson are renominated on a Farmer-Labor ticket. Republicans choose N. J. Holmberg for the Senate and Martin A. Nelson for Governor. Democrats select Representative Einar Hoidale for the Senate and John E. Regan for Governor.

MAINE primaries (June 18) result in the renomination of U. S. Senator Frederick Hale, Republican, and Governor Louis J. Brann, Democrat. The other successful candidates are: Alfred K. Ames, retired lumberman, for Governor on the Republican ticket; and F. Harold Dubord, Democratic National Committeeman, for Senator.

FLORIDA'S Democratic primary (June 26) results in the renomination of Park Trammell for the U. S. Senate.

NORTH DAKOTA Republicans renominate Governor William Langer in the state primary (June 27). He regards the result a popular vindication; for he has been convicted of defrauding the federal government in relief administration and two days later is sentenced to 18 months imprisonment. U. S. Senator Lynn J. Frazier is also renominated.

A CALL for the youth of the nation is voiced by Republican leaders in conference at Chicago (July 10). Colonel Theodore Roosevelt is the principal
(Continued on page 62)

This Year of Recovery

Continued from page 19

year—not because bankers were unwilling to make loans in response to a general demand for them.

For instance, on May 14th, 1897, a date near to June 30, 1897, the beginning of the year of recovery in the 1893 panic, the total loans and discounts of the 3,614 national banks of the United States amounted to \$1,934,151,000. On May 5, 1898, about the end of the first year of recovery, these total loans and discounts amounted to \$2,109,773,000, an increase of only \$174,000,000, or about 9 percent during the year.

An increase of bank loans is a result of prosperity, but not the initial cause.

A Belief in the President

In my judgment we are facing continued better conditions in business and industry in this country. I predicate this chiefly upon my belief that the President will carry through his announced program of a balanced national budget in 1936. I believe that he will withstand the tremendous political pressure upon him to continue emergency expenditures after emergencies have passed. He does not strike one as a man who is afraid.

That balanced budget program, and that only, will insure the general confidence in the stability and soundness of our governmental fiscal system and condition which is necessary to maintain the present revival in business and the ensuing prosperity.

If the President holds to this plan of a balanced 1936 budget no one need fear the effect upon business or confidence of an increased \$10,000,000,000 in the Government debt which the President has proposed to cover his recovery and emergency expenditures.

One has little conception of the inherent strength of our national condition who regards a maximum government debt of \$32,000,000,000 as in itself endangering governmental credit. This nation had a debt in 1919 of \$26,594,000,000 and within eleven years, to 1930, easily reduced the principal by \$10,000,000,000.

Our present governmental indebtedness today* of approximately \$25,781,000,000 is about that of the Government on June 30, 1919, when it was \$25,635,000,000. But it is interesting to note that on approximately the same amount of indebtedness the United States at this time is paying annually about \$250,000,000 less interest than it did on the Government debt during the fiscal year beginning June 30, 1919.

The present indebtedness of the United States Government and all state and municipal debt is estimated at the sum of \$44,481,857,851, or an indebtedness per capita of \$352.66.

The national gross debt of the government of Great Britain alone is £7,768,970,000, which is a per capita indebtedness of £173, equivalent at present rates of exchange to about \$865.

* This article was prepared in the latter part of February. By June 30, 1934, the gross public debt of the United States Government was \$27,933,000,000.

Warmed-Over Investments

● "Please send me information as to the investment probabilities of Packard Motor and of Cities Service."

● "I have some Hazeltine stock, listed on the Curb. What do you consider a better or safer investment with prospect of better returns? I also hold some Remington Rand. What in same price range do you consider better? Would you advise holding on to United Corporation; also Western Dairies A and B?"

● "Is it the better course to hold or sell Atlas Corp. (common) and American Equitable Assurance Co., having in view solely ultimate values? Are General Mills (common) and Imperial Oil Co., Ltd., sound investments to buy at this time?"

● "What is the financial standing of The Montclair Trust Co., reason for passing a dividend, what quotations, if any, have been made on the stock, probability of receivership; whether you would advise disposal of the stock; and finally whether the "double liability" of stockholders applies to trust companies in New Jersey?"

● "Is this a good time to buy Derby Oil & Refining Corp., common, now selling on the Curb for about \$1.50 a share; the idea being that it would profit one handsomely in the next six months? Do you think there is a possibility of making about 200%

profit in Eastern Cuba Sugar 7½% Bonds in the next eight months?"

● "Please send me your analysis of Colorado Fuel & Iron Co.; Fox Theatres A; Pacific Power & Light Co., of Portland, Ore.; and Maytag 6% Preferred."

● "I am holding 500 shares of Fada Radio which I purchased at 2. Can you throw some light on the present action of this stock; possibility of receivership, etc.? Do you think it possible to hold the shares for a profit?"

● "I hold stock in Woolworth, Sears Roebuck, and Idaho Power Co. Would you advise switches to other stocks? I am interested only in safe, long-time investments."

● "Railroads do not seem to offer much in the near future. I have 50 shares Southern Pacific common which has paid no dividends lately. I paid about 32. I am inclined to sell it. What would be a good time to do this in your estimation?"

● "Two \$1,000 bonds of the Cuba Northern Ry. are now listed at a little better than \$300 apiece. Would you hold them hoping for an increased value if the Cuban situation clears up? I understand that there is no immediate danger of default and that its freight rates advance with the price of sugar."

★ THE ABOVE are typical inquiries recently received from subscribers.

★ ARE YOU hanging on to investments which may never again reach the prices you paid for them? The sensible thing to do is to switch to stocks of about the same present value which possess better prospects of appreciation. But don't buy without investigating. Many weaklings are unloaded under cover of good news.

★ FEW ARE qualified by experience and observation to rely on their own judgment. Few have the facts, figures, knowledge of conditions, acquaintance with corporation officials; the necessary information on more than one company, if that. Yet there are men in the world's financial districts who have made a profession of gathering this knowledge. To such a man, an investment counsellor of unquestioned integrity, the "Review of Reviews" turned when besieged with requests from readers for investment information. So numerous have these requests become that it is felt that a genuine public service may be done by calling attention more widely to this source of unbiased investment advice.

Impartial Investment Counsel

★ PLEASE remember that the "Review of Reviews" is not in the business of selling investment advice, but is sincerely interested in serving its readers in the fullest measure. The investment counsellor we have retained was for ten years the financial editor of a leading national magazine. He spent five years with a New York investment house. His time and knowledge are now at the service of our readers. A nominal charge is necessary. We trust you will take advantage of this service as have so many of our readers.

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TRAFFIC ON THE BRONX RIVER PARKWAY

By R. I. Nesmith & Associates

Shade Trees for Cliff Dwellers

★ New York City is having its face lifted. Its parks, beaches and beauty spots are being vastly improved under a new political régime. What the city offers today to rest or recreation seekers—and the men responsible for New York's new deal in parks.

THE MOSES of Biblical fame struck a rock with a rod and water flowed forth. Today, another Moses, first name Robert, is smiting Manhattan's rocks and trying to turn them into parks, children's playgrounds, and breathing spaces for weary New Yorkers.

New York, freed from Tammany, now has a Park Commissioner in Robert Moses who is determined to rehabilitate a city grown ugly with neglect, corruption and misuse. This summer, the native or the visitor will have more shady spots than ever before in which to relax or exercise himself into exhaustion, according to his own whims.

New York has been the largest city for some time. Everyone knows that there are more Jewish folk than in Jerusalem, more Irish than in Dublin, and all the rest. But the biggest city has never been noted for the parks Tammany administrations gave it. Now it is making up for lost time.

A fair sample of a Tammany park is Marine Park in Brooklyn. In 1930 the city acquired a parcel of land on Jamaica Bay for \$603,000. It was recently visited by Moses and Mayor LaGuardia on a tour of inspection. A dozen small boats

and yachts were anchored on the property of the city. At high tide the property is completely under water, and a good share of it is covered even at low tide. It is a marine park in name and

fact. Mayor LaGuardia said that a better name for it would be Larceny Park.

With the exception of Central Park, the Borough of Manhattan has no large parks. From the earliest days, it was never thought that the city might become any larger than it happened to be at the moment. A fair sample of this type of thinking is found in the appearance of City Hall. The building is faced with marble except for the north side, which is sandstone. The city fathers figured that the town would never grow any farther north, so that there would be nobody to see it from that side. Today New York is 95 per cent north of City Hall and still going strong.

Central Park has nearly 880 acres of land, but when it was bought, about the middle of the last century, there was considerable headshaking over whether people would travel so far out of town to get to it. It is within the past few years that any comprehensive park plan has been developed for Greater New York. But now New York is having its face lifted. It has been finally pounded into the heads of the officials that ugliness costs money.

Robert Moses is Park Commissioner for New York. He is leading the fight



FOURSOME teeing off on the 12th green on the Van Cortlandt Park public course.

for more and better parks in all the boroughs. Fight is the word. But Moses is used to it. As Chairman of the Long Island State Park Commission, a non-salaried job which he still holds, Moses had to battle with estate owners who didn't want "the rabble" coming in to spoil things. But they came and they behaved themselves. Jones Beach, one of his brain children and now admitted to be one of the finest beaches in America, either public or private, proved it. Moses is now laboring under the quaint delusion that if Long Island could do well with beaches and parkways, so could greater New York become something more than endless piles of stone and steel or suburbs in the throes of allotment. He thinks parks would make life more pleasant, and there are a lot of people who agree with him.

The Friend of Parks

Robert Moses is forty-five years old and has spent the last twenty years in public service, for the most part on a non-salary basis. An income of his own has enabled him to carry on where another would have given up the ghost long since to the practical necessities of politics and job-holding. He has made enemies in his efforts to establish parks and parkways, and he has made many friends. Al Smith is one of his strongest backers, and of late Moses has become one of Mayor LaGuardia's iron men.

It is gradually getting so that a New Yorker can drive out from Manhattan in an automobile without inhaling enough exhaust fumes to kill a person unaccustomed to them. Traffic is being speeded up and straightened out and super-highways built. No longer do autoists figure a Sunday drive thus: three hours getting out of town, one hour in the country, and five hours in traffic jams on the way back Sunday night. It would be our guess that most of the suicides who jump off New York bridges are motorists who have given up hope of getting anywhere. But these conditions are being mended. Furthermore, the motorist has pleasant places where he can drive, with few stoplights and no cross traffic.

If the motorist wants to go north there are parks and parkways in Westchester county which offer him a variety of pleasures. Westchester, perhaps more than any other county in America, has been building for the future. Hard times naturally have slowed operations as a whole, but federal funds for relief work have been of great advantage. Westchester county is now completely traversed by parkways and wooded boulevards which make driving a pleasure rather than an endurance contest. Furthermore, taking advantage of the natural beauty of the rolling country has been found to pay cash dividends. Property has become far more valuable and can pay higher taxes.

The Bronx River, Saw Mill River and Hutchinson River parkways are main thoroughfares leading to the North and East from the limits of upper New York City. They begin where Van Cortlandt Park, Bronx Park and Pelham Bay Park leave off. They are not really rivers—they are just plain creeks which were

once unkempt, mosquito-breeding drain ditches. But the park commissioners cleaned them out, planted shrubbery and trees, and saw to it that no disfiguring commercial establishments were allowed to encroach on the wooded precincts of the parkways. They are a welcome sight for city eyes.

Across the Hudson from New York City and farther north lie the Palisades, the high and rocky east bank of the Hudson. The Palisades have long attracted visitors and tourists from all parts of the world. But since much of the property has been in private hands there has been no guarantee that it would remain unexploited. Quarry operations, for example, threatened to mar the majestic appearance of these cliffs.

Recently John D. Rockefeller Jr. presented to the public a strip of land 13 miles long, valued at \$5,000,000, which runs north from the present George Washington Bridge to the New Jersey-New York state line. It will be suitable for bridle paths, beaches, and outdoor sports. A roadway will follow the river edge to the north, making a fine approach to the Bear Mountain and other beauty spots. It is not too much to expect that eventually the entire west shore of the Hudson will be available to the public for many miles to the north of New York.

Long Island will have possibly as many parkways as does Westchester. Under the leadership of Mr. Moses, in his older job as chairman of the Long Island State Park Commission, it has already accomplished a considerable amount of work. Southern State Parkway, extending along the southern portion of Long Island is as beautiful a wooded boulevard and park unit as one could ask. It embodies the very latest concepts of park design. A Northern State Parkway is now in the course of development which will do for the north section of Long Island what the Southern State Parkway does for the southern section. A substantial part of this highway is already in use. It will eventually be connected with the Tri-Boro bridge when that structure is completed.

Highways and Skyways

It is a matter of time until New Jersey will also have networks of parkways, or super-highways criss-crossing the state. In recent years efforts have been concentrated on such magnificent projects as the viaduct over the marshy, salt water meadows. Autos and trucks travel rapidly across this section on this new "sky-way" to Elizabeth, Camden, Philadelphia and other points.

Ideas about parks differ widely. Quiet souls want rest and peace, and prefer the European parks which are descendants of royal gardens. Hyde Park in London, for example, used to be a deer park, belonging to the monks of Westminster Abbey. Deer were hunted there in Shakespeare's time. In America, where there have been no lordly domains to pass on to the public, the concept of a park as a recreational ground has usually prevailed.

The parks in New York City are in the recreational tradition. While rest is

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supposed to be the lot of mortal man on the seventh day, the increase in leisure time has, of course, given impetus to the demand for more outdoor recreational facilities. These needs the New York parks have striven to meet.

Perhaps one of the most obvious changes in Manhattan is the rehabilitation of Bryant Park, the area behind the Public Library. Long torn up and reminding veterans of the Western Front, it will be made into a shady, mid-town rest spot. The way is also now clear for the improvement of Riverside Drive. The elevated express highway from downtown will be continued over the New York Central tracks, continuing from 72nd north some ten blocks more. The area will be attractively landscaped. The time is not far off when the entire west side of New York will be open and clear all the way downtown. The old railroad tracks which delayed traffic are being gradually removed. An elevated system is already completed from the old St. John's Park station of the New York Central at Spring Street north to 35th Street. The removal of these tracks on "Death Avenue" culminates a 70-year effort. One hundred million dollars is involved.

The park land available for play in New York City will be doubled in 1934. Some idea of the diversity of people's interests may be gained from this partial list of facilities for concerts and the like: tennis courts (total 558), public gymnasiums, recreation piers, baseball fields (143), basketball courts (108), handball courts, horseshoe pitching courts, wading pools, shuffle board, golf courses, football, cricket and hockey fields (37), bathing beaches, bowling greens, croquet areas, children's school farms, picnic areas, ponds for model yachts, and what have you. There is literally no end to the number and variety of recreational interests which are pursued in the city. It is amazing to find such an ancient barnyard sport as horseshoe pitching in the shadows of massive skyscrapers.

Running a city's parks does have its less serious moments. Crackpots of all varieties think a park department the logical place for the working out of their notions. Thousands of ideas are turned down every year. Consider, for example, some of the many things which have been advocated for Central Park: a street railway, an outdoor theater to seat 100,000, a permanent circus ground, and a site for Grant's Tomb, now located at Riverside Drive and 123rd Street. One nautical minded person once proposed a full-rigged clipper ship for Central Park lake, which could be dredged out to the necessary depth. It would have cost but a hundred thousand dollars or so, and would have been "highly educational" in the opinion of its sponsor.

But such items, however appropriate in their own habitat, have not come to rest in Central Park. The visitor today will find much to amuse him, shady spots to rest him, little to annoy him, and ample facilities for all outdoor sports not only in Central Park but in all the parks in and near New York. The parks are having their own New Deal.

—Jo Chamberlin.

March of Events

Continued from page 58

speaker, backed by Henry P. Fletcher, new national chairman of the party.

Mexico; Japan

A new President and a new Prime Minister appear on the scene.

LAZARO CARDENAS, 39-year-old General, candidate of the National Revolutionary party, is chosen President of Mexico (July 1) in a quiet election.

ADMIRAL Keisuke Okada, retired, becomes Premier of Japan (July 4) succeeding Admiral Viscount Makato Saito, who resigns as a result of financial scandals for which he accepts technical responsibility. A cabinet satisfactory to the Army and Navy, looking forward to the 1935 naval disarmament conference, is later chosen.

Obituary

Samuel S. Arentz, 55. Mining engineer and former Congressman from Nevada. June 17.

Thomas L. Masson, 67. Humorist; long editor of "Life". June 18.

Thorne Smith, 42. Widely read author of fantastic novels. June 20.

Charles S. Thomas, 84. Governor of Colorado, 1899-01; U. S. Senator, 1913-21. June 24.

Joseph M. Rice, 77. Author of books on education; former editor of the *Forum*. June 24.

James R. Wedell. Designer, builder, and flier of fast planes; holder of the world's record of 306 miles an hour. June 24.

Milton C. Work, 69. Authority on bridge. June 27.

Chester I. Long, 74. U. S. Senator from Kansas, 1903-09; former president of the American Bar Association. July 1.

Henry H. Horton, 68. Governor of Tennessee, 1927-1933. July 2.

Henry, Prince Consort of the Netherlands, 58. The German prince who married Queen Wilhelmina in 1901. July 3.

Marie Curie, 66. Polish-born student of physics and mathematics, she married one of her teachers in Paris and with him carried on researches that resulted in the discovery of radium in 1902. July 4.

Harris Joseph Ryan, 68. California authority on high voltage and long distance power transmission. July 4.

Franklin MacVeagh, 96. Secretary of the Treasury in the Taft cabinet. July 6.

William H. Walker, 65. Chief of the U. S. Chemical Service during the war. July 9.

Ole Evinrude, 57. Inventor of the outboard motor for small water craft. July 12.

Recovery Program for a State

Continued from page 39

Possibly inheritance taxes could be increased, especially in the higher brackets. What I specifically recommend, however, is the development of fees which may be made to carry a very considerable part of the burden now resting on real estate. A specific source of new revenue is the increased use of fees for the payment of certain functions of government which are at the present time supported by general revenue.

Parking in the public streets is a special privilege rendered by the city to those driving passenger cars and trucks, and should be paid for. The cost of fire protection should be distributed on a basis proportionate to the fire hazard.

I suggest a fee for new construction, which new construction should not be permitted unless there is a special demand for it. By excessive construction new buildings often destroy the value of the old, and instead of an increased tax base we have a decreased base. When new construction is authorized a service is rendered to real estate owners, and for that some kind of compensation in fees could be worked out.

It should not be tolerated that a good development on one corner should be bankrupted by a needless development on another corner of the same street, as has so often happened in American cities. The wastes involved are far greater than the wastes that formerly took place in public utilities when one company was allowed to duplicate the mains and structures of another company.

One of the most objectionable evils of our present system of high taxation of land is that it brings it into many uses prematurely. In England if land does not yield an income it is not taxed. Our system of taxing the land on the selling price has resulted in a ruinous urban expansion—more particularly a suburban expansion. Land that should be kept as agricultural land is taxed highly and forced into an urban use. Thus we have the subdivisions all about our cities, land that should have agricultural use.

In America, where we think we are so progressive, we lag far behind the countries of Europe when it comes to our public life and its economic aspects. In England they have destroyed a great slum area in Birmingham and have reconstructed it along scientific lines. They have not invaded property rights but they have made the whole city more prosperous. Have we the courage to use our constitutional instrumentalities in a large and bold way to bring about prosperity?

The land that at present is submarginal for farming purposes would be used otherwise, and chiefly for forests. I should say, however, that the land which has already reverted to the counties should be transferred to the state. And the state should go forward in development, buying such other lands as may be necessary and transferring ownership from one part of the state to another, just as they have done in Ireland, Germany, and elsewhere.

The Brain Behind Hitler

Continued from page 28

Goebbels does not like another Rhineland, Vice-Chancellor Franz von Papen, who is a non-Nazi and an ardent Catholic. Papen is an aristocrat, while Goebbels is typically bourgeois. Papen is a wealthy industrialist, while Goebbels is an economic radical. Papen is clerically inclined, with Vatican connections, while Goebbels is by no means religiously motivated. Papen is unquestionably a monarchist, while Goebbels entertains an aversion to Hohenzollerns, Wittelsbachs, and Wettins, which German king-lovers have failed to relish. Furthermore, Papen is an owner of the *Germania* newspaper and a champion of independent journals, as against the professional Nazi press. In close sympathy with President von Hindenburg, Foreign Minister von Neurath, and Junker officers of the regular army, Papen represents the hoary tradition of the old empire, which distrusts Goebbels radicalism and Nazi strong-arm tactics in general.

Papen made a daring speech in June before the university students of Marburg, in which he assailed many pet projects of the Nazis, including their religious activities, their press censorship, their party monopoly, their belief in force, and their economic leanings to the left. His remarks were kept out of German newspapers by the governmentally-controlled news bureau, for they may be interpreted as an almost personal attack upon Propagandist Goebbels.

"The real purpose of the press," declared Papen, "would seem to be to inform the government of defects that have crept in and point out where corruption has secured a berth, where serious mistakes have been made, where unfit men have been put in wrong places, and where sins are being committed against the spirit of the German revolution. The press is no longer a safety

valve. . . . There seems to be no end to talk about the second wave which is to complete the revolution. Those who talk thus irresponsibly should remember that a second wave might be followed by a third one, and that he who threatened with a guillotine might be the first upon whom the axe would fall."

Goebbels, it may be imagined, laughed cynically at this fervent expression of nineteenth-century sentiments, as related to personal, journalistic, and economic laissez-faire. "Heads rolling beneath a guillotine" is one of his favorite oratorical phrases; and Papen—who is not noted for mental agility—has been hard pressed in competition with his diminutive opponent. To Goebbels, a Nazi revolution is a revolution; to Papen, it is merely a convenient opportunity to throttle the trade unions. The first Nazi revolution was purely a matter of politics, which put the Nazi machine into official control of Germany. A second Nazi revolution, feared by Hindenburg and Papen and favored by the slain Nazi radicals, would be fundamentally economic in its nature—and would prove highly detrimental to private ownership of the means of production through its advocacy of financial and industrial nationalization.

As this is written, Goebbels is in reality the German handyman. He has styled himself "torch-bearer for Hitler"; but Hitler's chief function appears to be bridging the differences between Nazi partisanship, as represented by Goebbels, and the old-fashioned ideas of the Junkers and industrialists whose true preference is monarchist. Hitler is, in many respects, a façade after a year and a half in office; and behind the Hitler façade works the small body and big brain of Dr. Paul Joseph Goebbels, organizer of victory and manipulator extraordinary of public sentiment.

Raising the National Income

Continued from page 38

which is saved and invested, instead of spent, causes one dollar of deficiency in consumer buying unless that deficiency is made up in some way."

Although it is difficult to see how conduct which is prudent for each individual and corporate unit in a society which consists only of these same individuals and corporate units can be injurious to society as a whole, we will not make a point of it here.

Saved income, unless it takes the form of hoarding, is spent as completely as the income which the recipient spends for consumption. Usually it takes the final form of capital goods. If too much income was saved in the '20s instead of being spent, it would certainly be evident as excess plant capacity. Yet the entire purport of "America's Capacity to Produce" is that there has been no undue surplus capacity in this country during the decade of the '20s. The excess in certain particular industries—transportation, flour milling, quarrying, clay products, and newsprint—is exceptional and not general. Perhaps the Brookings scholars will explain this apparent inconsistency in one of their subsequent volumes.

In spite of the question of broad philosophy which we here raise, we consider "America's Capacity to Produce," together with the following volumes on "America's Capacity to Consume," the "Formation of Capital and Income," and "Economic Progress" a bold and competent examination of those economic fundamentals touching the material welfare of every citizen which the past five years have challenged.

It is the conviction of the reviewer that no man can consider himself intelligently informed who does not read these volumes and keep them conspicuously at hand for reference. We consider it a privilege to undertake their distribution.

—J. S. L.

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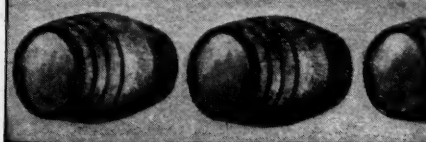
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